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# **West Europe Report**

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11 August 1982

## WEST EUROPE REPORT

No. 2011

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## NORWAY'S ENERGY MINISTER: GAS COULD AID NORDIC DEVELOPMENT

Helsinki HELSINGIN SANOMAT in Finnish 16 Jun 82 p 28

[Article: "Norway's Energy Reserves Important to Central Nordic Development"]

[Text] Vaasa--Norway's energy reserves are continually opening up new prospects for Nordic and particularly Central Nordic cooperation. Norway's gas reserves, in particular, are arousing interest. "Even though Norway's gas reserves have not yet been sufficiently studied and mapped out, we are, however, looking at the future of gas with cautious optimism," states Nina Heggelund of Norway's Oil and Energy Administration. Norway's gas and oil in the development of the Central Nordic area was the subject of discussion on Tuesday at the Nordic Fair.

Local governments and cities from the central portions of Finland, Sweden, and Norway will participate in Central Nordic cooperation.

The search for gas is being conducted primarily in the area of Trondelag in Central Norway and in the vicinity of Tromso in Northern Norway. In order for a gas field to be profitable, the amount of gas in Central Norway should be at least 200 billion cubic meters. And a full 600 million cubic meters should be found in the north.

For the time being, 30 billion cubic meters of gas have been found in the area of Central Norway, states Heggelund. However, she contends that it is only a matter of time before the minimum amount will be located.

Large amounts of gas from Norway will be shipped abroad in the future, and gas deliveries elsewhere in the Central Nordic area will be in a key position. However, the use of gas will not be immediate since even according to the most conservative estimates it will take 10 years before production can begin.

The stand of Norwegian officials regarding gas production is quite cautious. In principle their attitude is positive, but there are still too many issues to be resolved. The most important issue according to Heggelund is the determination of export opportunities.

## A Good Fuel for Industry

Director Rune Nylander from Sweden praised gas as an excellent fuel in all respects for industry. "Since Holland is no longer concluding any new gas delivery agreements and is not renewing the old agreements, the vacuum left by this must be filled. Norway and the Soviet Union enter into the picture here".

Gas from Holland was advantageous, but when the forthcoming change of power occurs, prices will also certainly be revised.

Nylander mentioned a pipeline from Norway across Sweden to the European Continent as the most beneficial alternative for Sweden.

Provincial Adviser Nils Sjölin from the Province of Västernorrland in Sweden is also promoting the exploitation of gas and the construction of a gas conduit network. "The Nordic area should not become a blank spot on the gas network map of Europe," he states.

## Reports Are Being Compiled

The use of gas has already been studied to a certain degree in Norway. The conclusion has been reached that small amounts can already be exploited. However, too little is still known about the feasibility of transporting and transferring gas.

However, importance is still being given to oil in Norway for the time being. The search for oil is being conducted further and further to the north. Oil reserves are also of considerable significance to the Central Nordic area, it was confirmed in the discussions.

A Central Nordic committee was established 4 years ago to coordinate cooperation. Cooperation in the area of oil and gas, in particular, has presented the committee with challenges, but it has also brought question marks.

The task of the committee is, above all, to get the officials of all three countries to emphasize Central Nordic issues and to develop ties between enterprises in the area.

It may appear that the benefit from Central Nordic cooperation is one-directional; Norway has the resources, the others will exploit them. However, the Norwegians do not see it in this way, but say that they will be satisfied if they can maintain cooperation as a result of this.

10576

CSO: 3107/140

## ENERGY CONSERVATION REPORT: ELECTRICITY UP, OIL IMPORT DOWN

Stockholm DAGENS NYHETER in Swedish 1 Jul 82 p 8

[Text] Since the first oil crisis in 1973 Sweden has reduced its energy consumption by just over 1 percent. Oil energy, which has been reduced by almost 2 percent, is entirely responsible for the savings. The consumption of electricity from water and nuclear power, on the other hand, has increased by just over 3 percent.

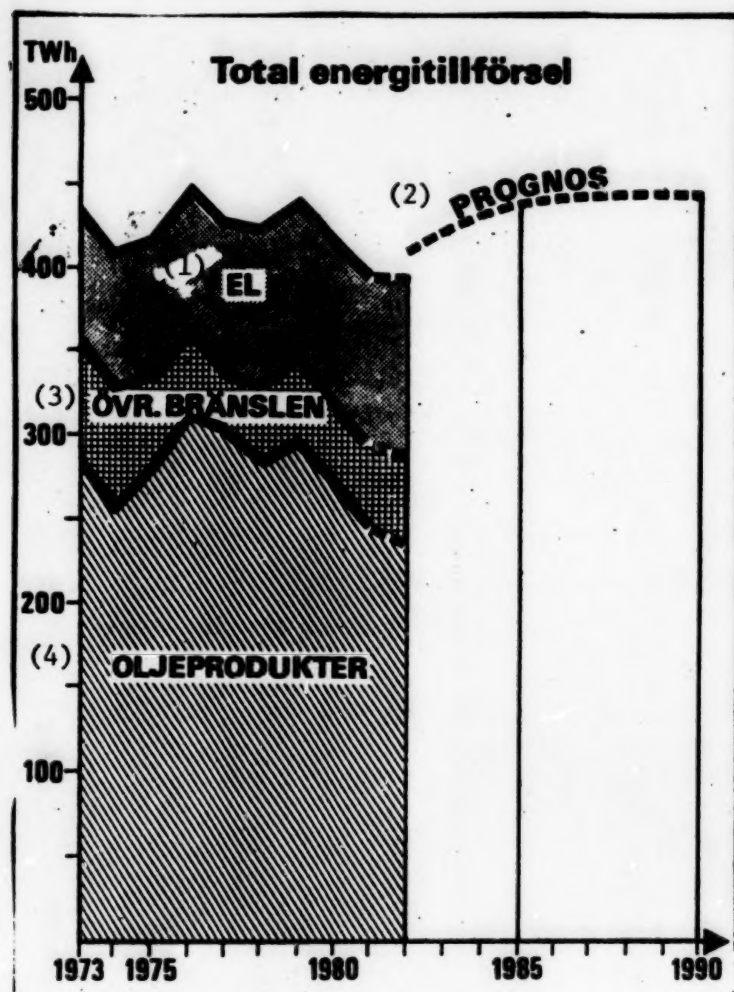
The graph shows that there was a drastic reduction in energy consumption, followed by an equally sharp increase, after oil prices quadrupled during the winter of 1973/1974.

After that, energy conservation measures as well as the slump in industrial production began to show an effect and following the most recent doubling of petroleum prices the demand for oil has decreased, with an accompanying increase in the demand for electricity. According to a report from the Energy Conservation Committee, most of the savings have been in the industrial sector.

The graph includes the government's 1980 energy prediction for the period from 1983 to 1990.

It is expected that the total energy consumption this year will be about 390 terawatt-hours (TWh), i.e. 390 billion kilowatt-hours. This is a 0.8 percent increase over 1981. The increase is due primarily to an expected upswing in industrial production, according to the Energy Conservation Committee's predictions.

The total electricity consumption in Sweden this year is expected to increase by 4 percent, including electricity used by district heating plants.



TOTAL ENERGY SUPPLY

Key to figure:

- 1 Electricity
- 2 Prediction
- 3 Other fuels
- 4 Petroleum products

## LEADING BANKER ON CREDITS TO, DEBTS OF POLAND

Vienna PROFIL in German 19 Jul 82 p 14-15

[Interview with CA director general Hannes Androsch: "Keep Muddling Through"]

[Text] PROFIL interview with Hannes Androsch who says he will not extend credits to Poland again until martial law is lifted.

[Question] Poland is bankrupt. In 1982, it was no longer able to pay interest on its debt to the West. From a strictly business point of view, Poland would have to be written off as a bad risk. Why don't the banks do just that ?

[Answer] The problem of international credits and financial relations and the rules that govern them must be seen as a whole. Quite a few nations have had debt rescheduling problems in the past. At the present time, there are negotiations on rescheduling debts going on with Poland and several other countries. One of the rules governing international finance after all is that country risks not be viewed the same as strictly business risks. There is no way of striking a nation from the UN commercial register—which does not exist in the first place.

[Question] Just the same—throughout 1982 there has been talk of a genuine "declaration of bankruptcy" for Poland, most recently prior to the rescheduling negotiations in Vienna in July. There may have been fear that Poland would file for bankruptcy on its own; there may have been the intimation—as there was earlier this year—that the "hawks" close to Reagan would work toward that end, or there may have been an idea that some small bank on the Euromarket might get nervous and might dispatch that famous letter which starts the ball rolling. Are there no such fears ?

[Answer] There are; and they are a reflection of a general insecurity in international political and economic life. All this brings on a kind of nervousness. But it has been demonstrated again and again that such problems can be handled. As far as the actual Polish problems are concerned in this connection, I would not want to belittle them but I would stress that they need to be viewed in the proper dimensions and proportions. What may be a Polish risk to one is an Argentinian or Mexican to another and a Turkish risk to a third. There are such country risks today, whether we like it or not. And the thing is we cannot arbitrarily change the rules—above all not

in individual instances and for reasons of expediency. It is even less conceivable to use the network of international credit relationships as a political tool or, in other words, to use credits as a weapon. This might have untold consequences which must be warned against most resolutely.

[Question] One cannot be entirely sure that the Americans hold to the same view. What is your opinion of American policy in this matter ?

[Answer] It is hard to pass judgment on U.S. policy because it is difficult to understand their calling for sanctions on the one hand while supplying grain on the other in view of the fact that that is good for the American farmer. I cannot detect any real consistency there. But in my view, the kind of step you are implying will under no circumstances be taken. It would not be in Poland's interest or in anyone else's. My assumption is that Poland itself—given its natural resources and its agriculture—is a rich country and that it is in the interest of the Poles to make use of their untapped potential. And it must be in our interest to support that endeavor. There is a famous saying that if you owe the bank one thousand pounds, you have a personal problem; but if you owe the bank ten million, then the bank has a problem. And that holds just as true for international credits.

[Question] Are there any banks in Austria for whom Poland's filing for bankruptcy and the resultant necessity to write the Polish debts off would pose an existential problem ?

[Answer] No one would want to lose his assets. But I can only speak for our bank. For the Creditanstalt, it would not pose an existential problem as things stand.

[Question] Would you exclude the possibility for other Austrian banks as well ?

[Answer] I would above all exclude the possibility of such a situation arising. I would hope that the Israeli finance minister does not turn out to be right who once said: "Countries, nations, politicians and bankers—they all behave rationally; but not until all other alternatives have been exhausted."

[Question] Are credits being extended to Poland at this time ?

[Answer] No. The control bank has not been issuing any new covering notes since the middle of 1981. Under the circumstances, only such notes as were agreed upon earlier are being processed.

[Question] Without help from abroad, Poland has no chance of getting its house in order again. In actual fact, there is agreement that Poland will not get on its feet again unless it receives further credits and unless the West relinquishes its claims.

[Answer] By no means. Some day, Poland will have to be given credits again; that is correct. Prior to that, certain requirements will have to be satisfied. As for relinquishing claims, the banks are not prepared to do that; nor will they relinquish any part of them. That, too, would be a disservice to Poland.

[Question] But in the end, the creditor countries will have to give up at least part of the claims in any event.

[Answer] As things now stand, I would exclude that possibility.

[Question] In Turkey's case, which had run out of money too, the creditor nations started an aid program.

[Answer] No, I beg your pardon. It was not Western banks that brought Demirel and Ecevit down and installed a military government; it was the Turks themselves. The Turks altered their political situation and thereby became creditworthy again being asked to fulfill certain economic and monetary fund obligations and so forth.

[Question] In Poland, the political condition would already be fulfilled: they do have a "military government." So that can't be it. Under these circumstances the Poles will never be able to establish the kind of economic base it takes to become creditworthy again in the eyes of the Western banking world. So what are the conditions for Poland?

[Answer] The conditions can only be met, if the Poles themselves can and will take the necessary political steps. In concrete terms, this would mean the lifting of martial law which can certainly not be viewed as an incentive for performance on the Poles' part. And then they would have to guarantee the economically efficient and effective use of the credits in the future. Only then could financing of spare parts and raw materials be considered once again.

[Question] You are saying they would not get any credits until martial law was lifted. What about the Russians? To what extent do you think they will help the Poles?

[Answer] Insofar as the umbrella theory\* ever really applied—and I have my doubts about that—it certainly does not apply in the sense that the Soviet Union will come in all the way for sure. Given its own problems, it may not even be in a position to do so. If the idea is to get the "Polish well" working again, there will be a need for Western aid in the final analysis; but then it would be logical to assume that Soviet aid will be forthcoming as well. After all, Poland is part of the Soviet sphere of influence.

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\* The "umbrella theory" stated that the Soviet Union would come to the aid of the other Comecon countries in case of need.

[Question] Suppose martial law is not lifted in the foreseeable future and conditions stay as bad as they are. At what point do you think the West would say that the conditions have not been met and it is time to declare them bankrupt ?

[Answer] Please don't misunderstand me. There are no conditions being set here. It is a simple statement of fact. Unless certain prerequisites are created, nothing will start moving in the direction of genuine consolidation.

[Question] But what happens if these prerequisites do not exist ?

[Answer] Then we will just have to keep on muddling through.

9478  
CSO: 3103/595

## EYSKENS REPORTS ON PROGRESS IN CURING ECONOMY

Brussels LE SOIR in French 24 Jun 82 p 2

[Article by Guy Depas]

[Text] Standing at 166.15 points, the June index is up by 1.44 points, or 0.89 percent, but it remains far below the pivot (167.59) that would unleash a general and henceforth lump-sum adjustment of wages. According to government forecasts, the rate of inflation was supposed to rise gradually to 11 percent in October before starting to decline, but in these circumstances, it may be held just barely below the two-digit barrier--at 9.84 percent--despite the effect of February's devaluation on the price of imported goods.

Moreover, the same devaluation had the effect of improving, to some extent, the rate at which imports were covered by exports in April, a trend which, it is true, will have to be confirmed. All the more since a second adjustment of monetary parities in Europe has occurred since then in the form of a devaluation of the French franc and the lira in combination with a revaluation of the German mark and the guilder.

Lastly, the strong rise in productivity and the moderation of incomes have brought Belgian firms back into the lead in the competitive market.

Speaking at a press conference on Tuesday, Minister of Economic Affairs Mark Eyskens emphasized that all of this demonstrates that in a brief period of time, the government has brought into being the essential conditions for an economic recovery.

Both during his time as prime minister in the previous government and while in his current position as minister of economic affairs, Mark Eyskens has been regarded--until just recently--as a "Doctor That's Too Bad." Does his rapid mutation into a "Doctor That's Just Fine" correspond to a real ray of sunshine on our economic horizon, or does it reflect political precautions?

Instead of harsh diagnoses and solemn warnings, most of the ministers now seem, like Mark Eyskens, to prefer messages which, if not reassuring, are at least encouraging. It is a little as though public opinion were being prepared psychologically for something: is it not much easier to convince people to accept new sacrifices when one has shown off to advantage the results of the first austerity measures?

And the minister of economic affairs did not conceal the fact that new sacrifices will still be necessary: stabilization or confirmation of the competitive position of the firms postulates a continuation of wage moderation--even if, on penalty of wasting the benefits obtained from the monetary adjustments, it is not permissible to use artificial measures to hold back the consumer price rises that are inevitably engendered by a devaluation of the franc.

Mark Eyskens also recalled that the budget and employment are still the government's main concerns, as well as being the shadows that still cover the door to prosperity.

Mark Eyskens took advantage of his press conference to deliver a panoramic commentary on the government's industrial and sectoral policy and to announce various measures: legislative bills concerning accounting in the firms, management assistance for firms in difficulty, auditing, and competition in particular. These are reported on elsewhere in today's issue.

But the minister dwelt at length on a defense of the government's price policy and on the results of wage moderation.

#### Competitive Lead

Wage moderation? That means the competitiveness of our firms in relation to our seven main trading partners: the FRG, Denmark, France, Italy, the Netherlands, the United Kingdom, Japan, Austria, Sweden, and the United States.

In 1981, hourly wage costs in the processing industry were highest in Belgium--the index stood at 100, compared to an average of 84.4 for the seven above-mentioned trading partners. In 1982, following the devaluation and the austerity of March and before the monetary adjustment on 12 June, that average had risen to 94.8 for the same seven countries, and the figures for the FRG, Sweden, the Netherlands, and the United States were even higher than the figure for Belgium. Moreover, following the devaluations and revaluations in June, the cost per unit produced in Belgium again fell below the weighted average for the seven other countries.

As we said above, the export-import balance again became less unfavorable in April. Exports totaled 202.4 billion francs for an increase of 17 percent (+4.6 percent in the price index), while imports totaled 227.5 billion francs for an increase of 13.1 percent (a drop of 1.7 percent in the price index). If we add to that the drop in investment costs resulting from the lower tax burden on the firms and the encouragement to invest resulting mainly from the promotion of risk capital, the conditions for a recovery are seen to have been created, says the minister of economic affairs.

#### Petroleum at Issue

There remains the problem of prices. The relatively good behavior of the index for June--1.44 points below the wage pivot and 0.32 below the 10-percent inflation figure--is amazing, considering the rise in farm prices under the auspices of the EEC (0.33 in the index) and the higher prices for petroleum

products brought on in particular by the rise in the dollar (0.76). It was achieved thanks to the drop in fruit and vegetable prices (0.29), which had the effect of holding the general food price index at 0.29, even allowing for the rise in potato prices (0.19).

#### Price Control

In any case, those results underline how appropriate it is now to look into a reform of the routine contract governing the price of petroleum products.

Comparisons with the arrangements in neighboring countries have been made at the initiative of the minister of economic affairs and the secretary of state for energy. Endorsements may be added to the contract in October or November, according to Mark Eyskens. He predicts that if, in addition, the negotiations now underway to reduce inventories are successful, future price rises could be slowed down or even delayed by from 1 to 3 months at the consumer level.

As far as general control of prices is concerned, Mark Eyskens announced some statistics.

From the start of the price freeze period through the end of May, 55,036 inspections were made, and 251 infractions were discovered and penalized "pro justitia."

Since 22 February, 2,717 dispensations from the price freeze have been granted, mostly because of the effects of the devaluation (1,909 cases). Lastly, 968 applications to increase prices are currently under review by the appropriate authorities.

The minister of economic affairs concluded by saying that in comparison with the previous statistics (for the first half of 1981), those figures indicate that many more firms are now complying with the price regulations.

11798

CSO: 3100/793

## PAPER CRITICIZES FAILURE OF JOBS PROGRAM TO AID EMPLOYMENT

Copenhagen BERLINGSKE TIDENDE in Danish 16 Jul 82 p 6

[Editorial]

[Text] With the delay of the time limit for offering jobs to people who have been unemployed over longer periods of time, the labor minister has at last been forced to admit that this part of the government's employment policy has now broken down in reality. Several months ago, representatives of the municipalities called attention to this situation. The municipalities and especially the county districts, which are a sort of back-up for the program, have had increasing difficulty in finding job offers for the long-term unemployed who have not been able to find employment in private business, a major stipulation of the program. The problems have not decreased following the precipitous postponement of the time limit for the job offers which resulted last year from one of the prime minister's "spontaneous" ideas.

Now, as we know, it is better to admit one's mistakes late rather than never and therefore the Labor Ministry's new admission should be given a warm welcome. But it is problematic that they first really looked the problem of the collapse of the job program in the eyes after the labor minister got Folketing to approve an even more ambitious job creation program at the beginning of June--on the ruins of the job program for the long-term unemployed, in a manner of speaking. Now leading Social Democrats are also arguing that the ability of the municipalities to participate in actual production activity in reference to the job creation law might save the situation. That way, they can create the jobs themselves that are otherwise impossible to find in and around the public sector. Later on, as we know, the country will be provided with a system of so-called youth guarantees which presumably will guarantee job offers or training for young people.

Thus one artificial arrangement breeds the next and so on ad infinitum. Job creation will now be used to conceal the bankruptcy of the job offer arrangement. When job creation, in which the municipalities also have very little confidence, has also registered its failure, the labor minister will have new employment legislation ready.

The question is how long Svend Auken can go on making the people believe that he is making a positive effort to provide employment in this way. His most important result is the construction of a number of artificial arrangements that have had a limited effect on the whole, partly because the jobs that must be set up for one form or another of new public production will almost inevitably lead to poorer employment opportunities in private firms.

One must hope that at some time Auken will be forced by the realities to admit that the entire objective of his employment policy is wrong. Only through a sharp expansion of private business activity can the employment problem be solved in a more lasting way. A policy aimed at this must have an entirely different substance than what the Social Democratic-Socialist People's Party-Radical Liberal constellation has come up with so far.

6578

CSO: 3106/144

**LIBERALS' SPOKESMAN CHARGES FAILURE IN JOBS PROGRAM**

Copenhagen BERLINGSKE TIDENDE in Danish 15 Jul 82 p 3

[Article by Lisbeth Knudsen]

[Text] "A few weeks after the passage of the government's March package, its employment policy now seems to have broken down altogether."

So said Liberal job market policy spokesman Hans Jorgen Holm against the background of the announcement from the Labor Directorate to the employment exchange offices that the advanced job offer arrangement has been postponed as far as young people are concerned and will not amount to anything at all for those over 25.

Hans Jorgen Holm has just pushed for a status report on the job offer arrangement through the Folketing Labor Market Committee and was promised a reply next Wednesday when the labor minister returns from vacation. On the basis of the Labor Directorate's new circular, Hans Jorgen Holm said:

"Just now I will wait for the status report, but it certainly looks as if we will have to have a Labor Market Committee consultation and make an inquiry in Folketing this fall. The circular brings the legislative basis on a line with the realities which are that the municipalities simply cannot come up with the job offers that are needed. But the circular does not coincide with the statements the labor minister has made to the Labor Market Committee."

Hans Jorgen Holm stressed that the labor minister received strong warnings that hurrying up the job offer program could not be accomplished. "The only function of the job offer program now is to enable people to restore their unemployment compensation eligibility. The original idea that the program could create lasting employment has now vanished entirely. Therefore there should be some reflection as to whether the job offer money could not have been used more sensibly," Hans Jorgen Holm concluded.

6578

CSO: 3106/144

## BRIEFS

FEWER MUNICIPAL GOVERNMENT JOBS--The municipalities have checked growth in hiring, declared the National Association of Municipalities, because the Industrial Council has predicted that the public sector will grow by 30,000 jobs in both 1982 and 1983. The National Association of Municipalities revealed that 11,000 new people were employed in the municipal sector in 1981 and that only 4,000 more will have been hired in 1982. [Text]  
[Copenhagen BERLINGSKE TIDENDE in Danish 15 Jul 82 p 2] 6578

CSO: 3106/144

**REPORT SUGGESTS USING JAPANESE METHOD TO COMPETE WITH THEM**

Paris ELECTRONIQUE ACTUALITES in French 23 Apr 82 pp 3, 4

["Substantial extracts" from a report published by the GIEL [Electronics Industries Association] on a strategy toward Japan]

[Excerpts] In a report made public last week (see our last issue) the Electronics Industries Association (GIEL) proposed to the government a strategy intended as a counteroffensive to Japan's goal of "absolute domination over key sectors of the worldwide electronics trade network."

The report concludes that a quota system on imports coming from Japan will be necessary if, because of that country's trade practices, that is the only way to reestablish the balance of trade.

Excerpts from this report are detailed below.

The GIEL analysis begins with the assumption that in 1980 electronic products represented more than a third of the general trade deficit of France and the EEC with Japan (for the EEC a deficit of almost 16 billion francs out of a total deficit of more than 45 billion francs for all industries).

In the case of France alone since 1979 the deficit has been growing at a rate of a billion francs a year (increasing to 4 billion francs in 1981); at the same time, the cover rate of our imports over exports to Japan shrank from 11 percent in 1979 to 9 percent in 1980 and 6 percent in 1981.

**The Urgent Need for a Counteroffensive**

According to the statistics alone, it seems inadmissible that, in the area of manufactured goods, Japan has a trade balance considerably better than that of all other industrialized countries.

The Japanese goal is absolute domination of key sectors of the electronics market at world level. A goal such as this is obviously unacceptable for France and for the other countries of the EEC because it would result in reducing them to a position of dependence in the political and economic world of the future.

Considering the diverse methods used by the Japanese within the framework of their expansionist strategy, it appears that they are, in the main, heading deliberately toward an encounter with the fundamental principles of freedom and reciprocity of trade upon which the EEC was founded. Upon finding itself constantly in a position of inferiority, the only economic policy for the EEC to follow in regard to a country like Japan would be to have a philosophy and trade practices analogous to those of Japan itself.

Faced with a Japanese strategy which is aggressive and implacable under its seeming flexibility, France and other European countries must come up with their own strategy. Negotiations could be opened with Japan in the future only if they would directly serve the ends of such a strategy, freely determined and articulated beforehand.

No truly useful strategy could be elaborated at the national or European level unless it is based on as strong and cohesive a political will as that which has led Japan for many years. The Japanese stand ready to use any means available to achieve their goals, for they believe it is a matter of their very survival. France and the other European countries will be defeated in advanced unless they, too, decide to take the exceptional measures necessary for their own survival. France, moreover, has already proven that it stands ready to take the necessary urgent measures when it acted to protect the French automobile industry--less strategic, however, than the electronics industry--against the torrent of Japanese imports.

#### Ineffectiveness of the Measures Already Taken

For several years the French electronics industry has been emphasizing the grave danger for the future of the national economy represented by Japan's progressive seizure of the French market for electronic products. This has been achieved by means of direct and indirect imports and, more recently, by the opening of factories in our country. In the area of color television tubes and receivers, at one and the same time one of the most critical areas of the electronics industry and one of those most affected by Japanese imports (to the point of constituting the archetype for the threatened market), French industry has had a determining role in the creation of the EECA [European Electronic Component Association] and the EACEM [European Association of Consumer Electronics Manufacturers]--the latter still today led by a French industrialist. These organizations have tried to take action along with the Commission on Communities, the different governments of the EEC, and with Japanese industry itself in order to remedy a more and more dangerous situation. This action has led to the gradual recognition by the Commission, by the governments of the EEC, and, even in a certain measure, by the Japanese Government itself of the necessity to reconsider its policies. It must be stated, however, that this recognition is in no way complete and is likely to achieve concrete results only when it is already too late.

The French minister of European affairs recently had the opportunity to emphasize the uncertainties and ambiguities of the position of the Commission on Communities concerning the relationship of the Ten with Japan. The traditional legalism and spirit of free trade of the Commission obviously only

allows it to adapt with difficulty to the totally new factor which Japan has introduced into international relations. The cleverness of the Japanese consists of paying just enough attention to the Commission for it to believe it is a privileged participant and of evincing just the right degree of incomprehension so that the discussions and never ending "preliminary negotiations" only lead to more discussions and preliminary negotiations.

The Commission's hesitations, if they are due in part to its own failures, are also attributable to the contradictions existing between the policies of the different members of the EEC with regard to Japan. Two countries which are applying import quotas to certain categories of products originating in Japan have maintained a firm policy in that area: France and Italy. Great Britain has taken the opposite position, betting on the Japanese factories already in place to stem the intolerable tide of imports; it seems, however, to question the usefulness of this policy. Although the FRG has suffered an especially high Japanese market penetration, it has, until now, refused, in the name of the principle of free trade, to come up with any restrictive policy whatever in regard to Japanese exports short of re-exporting them freely to its Common Market partners; it seems, however, faced with the increase in unemployment resulting from these imports, to be more and more sensitive to the necessity of containing Japanese expansionism. Finally, in the Benelux countries similar steps toward a more resolute attitude in regard to Japan have been noted, an evolution which is undoubtedly not foreign to the position of the Phillips group's new president who declared at the beginning of the year: "If we do not quickly arrive at a coordinated industrial policy in Europe, we will become a second rate industrial zone and an entire group of vital industries will be forced from the market by Japan."

For their part, the Japanese are obviously worried about the rising tide of recriminations coming from Europe against its export policy. Nevertheless, Japan has abandoned none of the preconditions for negotiations it had set for the Commission: suppression of the few remaining quotas existing between France and Italy; development of accords in technological, industrial and commercial cooperation. If it is true that Japan is at present pursuing an economic war strategy in the field of electronics, it is all the more evident that it sees the negotiations on these problems as only a continuation, on other grounds and by other means, of the same aggressive policy.

In conclusion, it appears that any French psychological pressure on the Commission, on other members of the EEC, and finally on Japan is certainly useful and indispensable, but it will hardly suffice. It is only in itself that France will find from the first the political will and imagination necessary to conceive a strategy of survival and development for the French electronics industry.

#### Methods for a French Strategy of Survival

In relations between the French electronics industry and Japan, problems must be resolved at three levels: it is advisable to protect the domestic market by setting a limit on excessive Japanese penetration; it is important that European multinationals show among themselves the same solidarity practiced by

Japanese groups toward Third World market; Japan must be convinced to open its own market in a real sense to French exports while at the same time giving less emphasis to maintaining the position of Japanese products on the French market; finally, any survival tactic on the part of the French electronics industry must take into account the entire electronics sector and for that reason must have an all-encompassing character.

#### On the Domestic Market

If Japan is the only country of the industrialized world in which penetration of the domestic market is not a question, it is because Japan has always strictly and efficiently protected its market. With regard to Japanese exports, France must adopt protective measures for its domestic market analogous to those which have succeeded so well in Japan.

In broad terms, emphasis in the area of components must be placed on:

- Respect of technological and tariff-based protections which already exist (notably in the areas of integrated circuits and printed integrated circuits),
- The setting up of a compensating mechanism designed to reestablish price parity,
- And the establishment of norms justified by the particular needs of the French market.

Concerning the consumer market, France must apply the same type of discipline as Japan. In the area of electronics for business, which constitutes one of the strong points of French industry, past administrations, consumer outlets and large businesses have given preference to French products for they are enough to satisfy almost all of the demand. One cannot deny, however, that on certain markets, such as those for mobile radios and maritime electronics, Japanese products have appeared; the attitude to take in a case where a French product would need to be protected would obviously be to limit imports by activating all regulatory means, whether already existing or yet to be created. Hereafter, citizens' band radios imported from Japan would be allowed as long as there were no French ones available. If French models are available the Japanese imports should be forbidden. It would be appropriate in such cases to see that the regulations are respected.

Finally, it is clear that Japanese penetration of the consumer market has reached an extremely critical level. Therefore to preserve this link in the electronics chain (chiefly in components) it will be necessary to maintain the existence and usefulness of the quotas currently in effect on the one hand, and, on the other, to do everything possible so that France can preserve and develop its lead in the realm of new consumer products such as video recorders, cable television, satellites, and so on.

## On the Third World Market

The realignment of French-Japanese exchanges in the electronics industry is not concerned only with reconquest of the domestic market, but also with the preservation and reinforcement of the basis of French export capabilities toward Third World markets. It is important that France and other Western countries not find themselves put straightway in a position of inferiority vis-a-vis the Japanese electronics industry.

The products over which France is in competition with Japan on Third World markets seem to be, for the moment, chiefly in the fields of radio and telecommunications--fields in which world demand is strong. The markets of the large industrialized nations are, in fact, well protected. The electronics market available to these countries beyond their borders is to be found especially in newly industrialized nations or those on the road to development. In this sector the Japanese are a threat not only to French industry but to all of the some 12 to 15 large transnational European and American groups already present in these markets.

The competitive strength of the Japanese groups comes, at one and the same time, from their particular brand of aggressiveness in pricing and credits, and from their uncompromising solidarity. This is in contrast to their European and American counterparts who compete ruthlessly among themselves, the result of which more often benefits only the Japanese.

It is in the common interest of the large European multinationals to defend themselves against this Japanese invasion with the agreement of officials of the respective national governments. In effect, this defense must quite obviously be arrived at by means of a dialogue in which it is to the individual advantage of the countries concerned to adopt a policy as realistic and thus as positive as that taken by MITI [expansion unknown] in this matter.

## On the Japanese Market Itself

No industrialized country, not even Germany or the United States which are traditionally reputed to be the most successful exporting nations, has succeeded in achieving an important position on the Japanese market. If it is necessary for France to redouble its efforts in order to increase its exports of electronic products to Japan, it would be naive to think that these efforts alone, however demanding and costly, would by themselves allow the reestablishment of commercial exchanges with Japan in the field of electronics.

France today ranks third as an exporter of electronic products. It has attained an important spot on the military electronics market and also in the business field, as well as in the areas of data processing, certain types of measuring and control instruments, and in medical electronics. France has also assured itself a valuable lead in the march toward the future in the field of consumer electronics. Whatever the strengths of the Japanese electronics industry might be, it is inconceivable that the cover ratio of our trade with Japan in electronic goods would remain limited to 6 percent.

Therefore, France must first, by all means, increase its exports to Japan.

--These measures include, first of all, a strengthening of the French presence in Japan with the goal in mind of a wider knowledge of the Japanese market. A reorientation and development of foreign trade services should constitute a fundamental element of this effort. At the same time, the setting up of permanent outposts of French technology, thanks to a close collaboration between the industries and governments concerned, should allow France to better exploit the commercial and industrial opportunities afforded by the Japanese market.

--These measures should include the entire panoply of export aid. It would therefore be appropriate for France to develop, in a flexible yet sophisticated form, systems of taxation, social security contributions and special credits which would compensate for the more or less hidden advantages enjoyed by Japanese export businesses, namely a lighter tax burden, clearly lower social costs and far too "providential" variations in the rate of the yen; these systems should be developed taking into account the time lag required to obtain significant results in this area.

However, these efforts are destined to certain failure unless Japan is convinced of its own fundamental interest in importing more French products. The Japanese economy is very dependent on exports. For France, the best method of exerting pressure on Japan is thus to modulate the opening of its borders to Japanese exports in step with the growth rate of French exports to Japan.

--Using Japanese strategy itself as an example, this policy should be based on a definite goal: as the fourth ranked electronics power in the world, France, to avoid a quick retrogression, can only accept a cover rate in its electronics trade with Japan which will be, on the long term, less than 70 percent, and takes into account the very advanced Japanese specialization in this area. Keeping in mind the speed of current technological change, this goal should be accompanied by a maximum lag time of about 10 years or, in other words, an annual increase of seven points in the cover rate of our exchanges with Japan.

Like Japan, France should bring to bear on the goal thus defined an unflinching political will. Armed with this strength of will, France would, without difficulty or risk, be able to interest Japan in the realization of this goal while clearly indicating that:

--Either Japan helps France increase its exports in the Japanese market at a rate compatible with the stated objectives;

--Or France, acting alone and by all possible means (import standards, tariffs and quotas), will achieve its goal of an annual increase of seven points in the cover rate and will thus limit its imports of Japanese electronic products.

## Necessity for a Global Strategy

Any survival strategy in the electronics industry must be all-encompassing in two ways.

--It must respect the unity of the electronics industry which, from durable consumer goods to equipment and components, constitutes a cohesive and indivisible whole from a technological, industrial and commercial point of view. There is no electronics equipment industry (chiefly professional, telecommunications, data processing) without a solid components industry. There is no solid components industry without a prosperous and active consumer goods industry. The electronics network is one and indivisible. It would be impossible to negotiate any specific link in the network without endangering the whole thing. France must increase its sales to Japan in the sectors where its products reap the benefits of technological superiority (military electronics, professional products, data processing software...); France must also gradually recapture its own domestic market in sectors where the invasion of Japanese products tends to create a dangerous break in its electronics network, especially in consumer products and, upstream, in the area of components, certain branches of which are already in an exposed situation.

--France must also direct its energies to the totality of its industrial picture and, in particular, must involve its small and medium-size businesses and its subcontractors whose dynamism and innovative talents have already been demonstrated in the different electronics sectors and whose importance in holding down unemployment has been proven.

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CSO: 3100/676

## COT SPEAKS ON DOMESTIC MARKET, THIRD WORLD

Paris LE NOUVEL ECONOMISTE in French 24 May 82 p 64

[Interview with Jean-Pierre Cot, minister for cooperation and development--date and place not specified]

[Text] By helping Zambezi we are helping Correze. The Berthelot report, ordered by Jean-Pierre Cot, has heartened French opinion. Trade with the Third World creates jobs. Public development assistance--Fr12 billion in 1980--has a snowball effect on French exports. LE NOUVEL ECONOMISTE questioned the minister for cooperation and development about this report and, more generally, on France's African policy.

[Question] According to the Berthelot report, our balance of new jobs is decreasing and the Third World is competing more and more with our industries, both on foreign markets and at home....

[Answer] These are two extremely original conclusions. The third is the need for an agreement with the Third World to define its needs if we want to remain in these markets.

[Question] Business leaders are liable to be surprised if, finally, they are told that they made a mistake because they offered African products that were not suitable.

[Answer] We cannot be put at this level. They did a good job within a logical system, which is now being questioned. We must look further to find the causes, especially at the lack of cooperation and codevelopment policies.

[Question] Do you have concrete examples of this phenomenon?

[Answer] For sugar refineries, we do not know how to make the small-scale equipment that is needed. Therefore, we are no longer in this market. Our inadequacy is similar for automobiles.

[Question] Are small sugar refineries profitable? Could assistance from the public sector be foreseen?

[Answer] There is such assistance for products destined for the French market. I don't see why it shouldn't also go to products destined for the Third World.

[Question] Hasn't the idea that trade with the Sahel benefits us reached its limits?

[Answer] The basis of our policy toward the Third World is to create a suitable demand. As long as we don't voluntarily organize trade with certain countries to allow them to create their own suitable demand, we will continue to find ourselves blocked.

[Question] Doesn't the desire to recapture the domestic market contradict the policy of cooperation?

[Answer] No, and it is our job to do this. It isn't easy. From this viewpoint, the Berthelot report is useful. Any protectionist measure would have consequences on employment in France that would for the most part wipe out the positive effects of recapturing the domestic market. The only thing we can do is to work with the Third World to soften the shocks and to gain the needed time to adapt.

[Question] One year after 10 May, the difficulties in the area of African policy seem severe. Is it possible to introduce a change into the relations between France and Africa?

[Answer] Historical situations create bonds but also an easiness that can, at worst, be dangerous. However, it is true that on this basis it is rather difficult to change things. And this can only happen through a change of direction, which we undertake daily in joint committees and when examining plans. What has changed concretely is the willingness to look at the economic efficiency of projects more closely.

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CSO: 3100/735

## GROUP SUGGESTS WAYS TO IMPROVE USE OF STRATEGIC METALS

Paris LES ECHOS in French 28 May 82 p 23

[Article: "Lessened Dependence on Foreign Suppliers Means Controlling Consumption"]

[Text] The message finally seems to have been understood that France is largely dependent on foreign suppliers for all of the nonferrous metals and ores that it needs. In the case of strategic materials, this notion of dependence is accompanied by that of vulnerability, when the dependence is a result, for example, of a limited number of supplier countries or when substitution is difficult.

After the diagnosis, the remedies: The French Agency for the Control of Energy (AFME) has just organized, with the assistance of the Franco-Swedish Association for Research, a seminar devoted to "Controlling Consumption of Strategic Metals in Pure Metallurgy: Status of Research and Future Prospects."

After several remarks on the policies of the two countries in this field, the concrete problems were discussed. (France, with its organization for future oversight of raw materials and its reserve stock, is somewhat of a leader at the European level and beyond.)

Philippe Beutin, head of the raw materials conservation service at AFME, stated that "although tangible progress can be expected at the starting point of the strategic metals sector (i.e., geology, mines, metallurgy), spectacular short-term results cannot be expected." This brought about the idea of controlling consumption or of "being able to eliminate the technological dead-ends that make the use of a given raw material at a given moment indispensable or irreplaceable." Several subjects have been retained as priority areas:

--Stainless steels. By far the most difficult question, because the chrome used in stainless steels is considered today to be irreplaceable. We are now at the stage of thinking about and listing possible long-term solutions.

--High-speed steels. Important research studies have been conducted on this subject throughout the world, with an eye toward better handling the consumption of cobalt, tungsten, molybdenum and vanadium. Technology improvement

(for example, high speed sintered steel) calls for continuing study of the subject.

--Super alloys (for aeronautics and gas turbines). After the crisis in Zaire in 1978, all industrialized countries, producers of super alloys and developers of aeronautical programs focused on controlling cobalt consumption, with the intention of putting more efficient products on the market (i.e., jet engines that operate at higher temperatures and therefore save energy). At the same time, new methods for shaping the products are being developed and have as their major goal to reduce the break-even price of (and, moreover, to perfect) magnetic alloys (for the electrical and electronics industries).

--Classical alnico (aluminum, nickel, cobalt) alloys are undergoing competition from materials such as ferrites or cobalt-samarium\* alloys. At the same time, inexpensive alloys, based on manganese for example, are being researched intensively to save cobalt.

--Alloys for sintered cutting tools. Industry today uses highly advanced cutting tools (tungsten carbide), but they have the disadvantage of incorporating strategic metals (tungsten, cobalt, titanium, tantalum, etc.). Many research studies are trying to define the conditions under which one or the other of these components can be replaced.

In a general manner, alloyed steels and special alloys will encounter stiffer and stiffer competition from new products (polymers, ceramics, composite materials) or from traditional products undergoing a certain revival (pig iron).

The fact that France has decided to begin the production of carbon fibers shows the extent of the effort that will be undertaken to promote the use of these products.

As for the Swedes, they are continuing their investigations within the framework of a government project on the substitution of "critical" alloy elements, i.e., elements whose supply is particularly uncertain. These elements are chrome, nickel, molybdenum, cobalt, vanadium, tungsten (wolfram), magnesium, titanium and niobium.

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\*One of the metals from the famous "rare earth" group.

# France's Dependency Rate in Nonferrous Minerals

Metals	Percent
Bauxite	63
Antimony	100
Silver	72
Chromite	100
Cobalt	91
Copper	81
Tin	83
Manganese	100
Molybdenum	100
Nickel (matte)	20
Niobium	100
Platinum	100
Lead	72
Tantalum	100
Rare earth metals	100
Titanium	100
Tungsten	62
Zinc	90
Zirconium	100

Others	Percent
Asbestos	100
Industrial diamonds	100
Potassium	5
Fluorine	0
Sulfur	24

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## OUTLINE OF BANK REFORM BILL BECOMES KNOWN

Paris LES ECHOS in French 24 May 82 p 5

[Article by Henri D'Armagnac: "Contents of the Bank Reform Bill Finally Decided"]

[Text] The time for choosing has come for bank reform. The reports of the general directors have reached the minister of finance, Jacques Delors. The text of the bill, which could be introduced to the National Assembly at the end of June if all goes well, to be discussed in the fall, will not outline all of the reform or all of the "reconstruction" of the system. It will not touch on bank policy itself, which will be implemented through gradually introduced activities and measures, some of which will certainly be implemented well before the discussion.

The bill itself, which should be rather short, will discuss three major themes: definition of the status of banking establishments, credit policy structures and the updating of outmoded legislative and statutory provisions.

First theme: This will involve completing the erasure of the distinction between commercial banks and deposit banks, making or revising the definition of the status of a financial institution and that of cooperative bank societies, determining the role of the institutions in the medium- and long-term, etc.

The second theme will involve the credit policy institutions by modifying the present balance. The administration would like to make the National Credit Council a major, central consultative organ including all--or almost all, depending on whether the savings banks are included--of the financial and banking networks. In addition, a redivision of the regulatory and supervisory functions should be made among the Treasury, the Bank of France and the committee for the supervision of the banks, which itself could be modified. In fact, some networks should continue to play a self-regulatory role: the Agricultural Credit Bank, the Mutual Credit Bank, the Popular Banks, etc.

The third theme handled by the bank organization bill will be the updating of the legislative provisions, especially those dealing with the presentation of bank accounts and their management ratios.

The question of the organization and reform of the savings banks could be treated separately, perhaps even within a bill that might be prepared starting now, to be ready at the end of June: national and regional organizations, boards of directors, personnel regulations, etc. While remaining cautious, the public authorities should show that they are open to a gradual diversification of the activities of savings banks. As for their relationship with the Deposit Bank, it could be kept as a single unit but with regional organizations. The exact choices remain to be made, however.

Henceforth, the Ministry of Finance is going to give itself new means of exercising its guardianship and shareholding over the banking system within Treasury management. A new subdepartment, called "Department of Credit Establishments," will soon be created and will fall under the Financial and Monetary Affairs Department of the Treasury.

#### The Treasury: A New Department

This new department, entrusted to Benoit Jolivet, will have three offices: an office for bank policy, which will enforce the banking law and the rules and will be concerned with functional problems such as employment, data processing, new techniques, payment methods, relations of public authorities with foreign banks and private French banks, relations with the National Credit Council, decentralization, etc.

There will also be a national bank office, which will exercise the functions of state stockholder and handle relations with the nationalized banks and financial companies. Finally, there will be an office involved with the mutual and cooperative banking sector (Agricultural Credit Bank, Mutual Credit Bank, Popular Banks, Cooperative Credit Bank and Cooperative Banking Societies), taking into account their specific characteristics.

#### Reorganization

Important choices will be made for the future of the banking system but will not figure in the text of the reorganization bill. In the first place, reorganization choices will be made on the basis of the reports sent by the general directors to the minister of economy and finance. The deadline of 1 July, the date of the actual nationalization of the nonquoted banks, should probably speed things up, and several projects should already be formulated by then. We know that the minister of economy and finance intends to avoid mistakes, haste and authoritarian remodeling. But the files are open, including the question of a certain amount of regionalization of the system and operations.

In the long run, banking reform will touch on other problems: credit supports, bank financing of firms' heavy equipment, etc. Discussion of the Ninth Plan should also play an important role in the study of the monetary policy and especially of the refinancing of the banks.

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CSO: 3100/735

## BRIEFS

ECONOMIC, SCIENTIFIC COOPERATION WITH SOVIETS--Franco-Soviet economic and scientific cooperation is continuing in an unequal fashion, but its results are not deceptive, stated the lower joint Franco-Soviet committee, which met for 2 days in Moscow. The joint communique released at the end of the meetings yesterday spoke of the "constructive atmosphere," was pleased with the "mutually advantageous" character of the cooperation and expressed its satisfaction that the goals set by the agreements had been reached. There was one satisfying point for the French side: the communique emphasized the need to reach a better balance in trade between the two countries, which increased by 12 percent last year but ended with a deficit to France's detriment. Although space cooperation is not under the jurisdiction of this committee, but under that of the larger committee, the communique mentioned in passing that the next Franco-Soviet space flight (theoretically set for 24 June) will be "an important milestone in the development of scientific and technical cooperation between the two countries." [Text] [Paris LES ECHOS in French 27 May 82 p 7] 9720

INDUSTRIAL COOPERATION WITH BRAZIL--CGEE [General Electrical Equipment Company]-Alsthom do Brazil, the pilot for a Franco-Brazilian consortium, has announced the signing of a Fr900-million contract with Rele Ferroviearia for extending and modernizing the railroad lines of the Sao Paulo and Rio de Janeiro suburbs. This new contract confirms the close cooperation between France and Brazil in transportation. It includes supplying and installing energy substations, overhead lines and railroad signaling equipment by French companies and their Brazilian subsidiaries, especially including CGEE-Alsthom, Alsthom-Atlantique (of the CGE firm), Spie Batignolles and Jeumont-Schneider (of the Empain-Schneider firm). [Text] [Paris LES ECHOS in French 25 May 82 p 14] 9720

CSO: 3100/735

## COAL MINING OPERATIONS IN SVALBARD REGISTER NEW DEFICIT

Oslo AFTENPOSTEN in Norwegian 22 Jun 82 p 31

[Text] Last year the Store Norske Spitsbergen Kulkompani A/S had a loss of 66.2 million kroner from their operations and a negative result of 79.6 million kroner prior to posting of extraordinary entries, as reported in the company's annual report. Store Norske had an operating income of 189.1 million kroner in 1981, compared with 115.7 million the year before. The operating deficit is 6 million kroner larger than in 1980, and interest expenses are 8 million kroner higher than in 1980.

While there was a firm market with good prices for coal during the first three quarters of last year, prices sank by 10 to 15 percent towards the end of the year. Sales and shipment of coal totaled 398,000 tons, with 81,000 tons from Svea and the rest from the mines of Longyearbyen. Norsk Koksverk received 193,000 tons of coal from Longyearbyen, the ferrous alloy industry took 72,000 tons, and various customers in northern Norway, among them Norcem, took 53,000 tons. Store Norske exported 80,000 tons to Northern Germany last year. Store Norske now has 800 employees, with 780 located on Svalbard.

In his presentation at the general meeting, regional governor Ingvald Ulveseth explained the development the company has undergone since he became chairman of the board following the state's assumption of control in 1976.

The building of new power plants, positive results from explorations, and mechanization of mine seven has formed a good foundation for activity in Longyearbyen.

In addition, modernization of the community has continued. A large part of the [mining] equipment has been modernized and a framework for further expansion has been presented. The lack of progress in the plans for mining operations in Svea has been a disappointment for the directors, Ulveseth stated.

Both Ulveseth and board members Hands Lund-Andersen requested release from their management duties. At the next company meeting, ship owner Otto Greig Tidemand was chosen as the new chairman of the board. In addition, the board consists of Einar Strand Oslo, deputy chairman; Rudolf Albrigtsen, Longyearbyen; Ivar Dybdahl, Royrvik; Terje Johansen, Longyearbyen; Gerda Nilsen, Harstadi and Per Ivar Abyholm, Hvalstad.

## BRIEFS

POLAR COUNCIL ON SVALBARD ANTARCTICA--The internal transportation system on Svalbard must be improved, stated the Polar Council. The best solution on a year-round basis would be a Twin Otter airplane which can serve Longyearbyen, the Svea mine and New Alesund, as well as be available for all groups of users, according to the council. In a commentary on the Norwegian Antarctica policy, the Polar Council points out it will become increasingly more important to guarantee national freedom of trade and Norwegian interests in Antarctica. Central questions in connection with tourism on Svalbard were also discussed by the Polar Council. They believe that, among other things, it is necessary to do something about the very poor sanitary conditions at the camping grounds at Hotellneset in Longyearbyen. [Text] [Oslo AFTENPOSTEN in Norwegian 28 Jun 82 p 24] 9984

CSO: 3108/128

## SEVIG EYES INVESTMENT DEPENDENT ON FOREIGN CREDIT

Istanbul DUNYA in Turksih 18 Jun 82 p 2

[Article by Veysi Sevig: "Investment-Foreign Credit Connection"]

[Text] It is a must that the investments in our country for which incentive laws are being written be channelled into raising production, increasing productivity, developing exports, improving product quality, accomplishing energy conservation, raising the cultural level and developing scientific and technical research. Incentive laws are also being written for all kinds of investments to attract tourists to our country.

For the prompt realization of the goals envisaged in investment incentives, taking advantage of the opportunities that modern technology has to offer is unavoidable. Therefore, sometimes nearly all of an investment depends on the purchase abroad of machinery and equipment. The opportunity does not always exist, however, to pay cash for the machinery and equipment contemplated and planned to be brought in from abroad. For this reason, foreign borrowing has an important place in most of the investments being made.

In the terminology used in article 129 of communique no 82/2 on the Encouragement and Promotion of Investments, the intermediate- and long-term credits in specie or cash which investors from the private and public sectors obtain from foreign sources to finance projects backed by Encouragement Certificates and which they bring into the country with the approval of the competent organs are called special foreign credit. The investments eligible for foreign credit are listed in the financing section of the Encouragement Certificate on the application form, and investors are permitted to use special foreign credit if the use of foreign resources is deemed appropriate to the general money-credit policy and if the credit terms are agreeable to the competent organs.

In practice, application is made to the TUD [Office (?) of Incentive Implementation] for the purchase abroad of encouraged private sector investment goods and shipping-related investment goods. After examining the applications, the TUD attaches the ones it approves to a "Foreign Exchange Allocation Certificate" and sends them to the Ministry of Commerce.

"Foreign Exchange Allocation Certificates" may be renewed only once for the period for which they were issued. The necessary forms for renewal must be submitted to the TUD.

The over-riding basic principle is that local resources should be used in investments made in our country. On the other hand, as we said earlier, owing to the nature of the investments for which incentives are being offered, obtaining major elements such as machinery and equipment from abroad, that is, importing them, is unavoidable. In determining the financial size of any investment, therefore, the cost of foreign credit must be taken into account and a long-term financing program prepared accordingly.

Putting a definite Turkish lira-equivalent in our country on foreign credit at present is but a momentary exercise. That is, if we calculate the Turkish lira-equivalent of \$1 worth of credit used today at today's exchange rate, the resulting numerical status will be valid only for today. As long as a debt expressed in dollars is outstanding, the size of it in Turkish liras--difficult enough to figure out for the moment--will be known only in the future because of the variable exchange rate. This presents certain problems in forecasting the long-term financial burden if foreign resources are used in investments, giving rise to a great deal of uncertainty. A debt load which seems operationally feasible for the present may become impossible to pay in the future owing to the Turkish lira equivalents which in all probability will continue to grow. Therefore, investors' opportunities to use foreign credit will gradually diminish, indeed, investment avoidance will grow for this reason.

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CSO: 4654/361

## ISO CONFERENCE BLASTS INCOMPETENT REPRESENTATION, SIZES UP CREDIT

Istanbul CUMHURIYET in Turkish 18 Jun 82 p 6

[Article by Meral Tamer: "Narin: No Results Can Come from Meeting of Banking Illiterates"]

[Text] The Istanbul Chamber of Industry [ISO] regular monthly conference, taking place just prior to the Interbank Conference, discussed the latest regulations on money-credit and banking. TISK [Turkish Confederation of Employer Unions] President Halit Narin, addressing the conference, argued that most top-level bank managers do not understand banking and said, "No results can come from meetings held by people who are banking illiterates." Also among the speakers was Chairman of the ISO Board of Directors Nurullah Gezgin, who noted that the shortage of cumulative assets in both the industrial and banking sectors was sending interest rates up, then called for utilization of foreign resource possibilities in eliminating the lack of resources. ITO [Istanbul Chamber of Commerce] Chairman Nuh Kusculu, however, said there would be no halt in the deposit interest spiral as long as industry's capital-loan ratio remained in disorder and credit demand remained high. He spoke of the importance of stimulating alternative monetary resources such as stocks.

#### Who Runs Banks

TISK President Halit Narin, attending the ISO Conference "with the dust still on his feet" from a trip to Marmaris and looking tanned and fit, said that whether to regulate or deregulate interest was not an important problem, that the basic problem was reorganization of the banking system and making the banks the driving force of the economy.

Narin said, "Eighty percent of the people representing the banks are not bankers, the bulk of them are not economists, either. The third- and fourth-level men they bring with them to the conferences are the ones who understand banking. No results can come from meetings held by these people who run the banks by arbitrary disposition however they want." "Is there one among them who grasps the importance of how quick the monetary circulation cycle is within the framework of the policy the government has in mind?" he asked, adding that no matter how many meetings were held, they would not make the slightest contribution to the economy. Narin contended that state intervention in the banking system was necessary to make the banks the driving force of the economy and, after calling

for a tight oversight mechanism headed by the Central Bank to direct the money used by the banks into the national economy, he concluded his speech with the remark: "The basic problem is the investments that cannot be made and the production that cannot be increased. How are we industrialists to save Turkey from economic warfare if we cannot make investments?"

Nurullah Gezgin, chairman of the ISO board of directors, said that, speaking for the ISO board, they welcomed the money-credit and banking decisions, but the important thing was not adopting the decisions but implementing them. He said that in the early days of the July banking actions Turgut Ozal had said that interest rates would drop if total deposits reached 1 trillion [liras], but interest rates were continuing to rise though total deposits have gone to 1.6 trillion and, this being the case, Ozal had either figured wrong or made a wrong analysis. Noting that both industry and banking had a shortage of cumulative assets and that industry was trying to close this gap with credit and the banks, both by improving capital and with deposits, Gezgin said, "If one intends to close the gap by deregulating interest, then the opportunities for closing it with foreign resources should be utilized also."

Stating that the banks, a very influential sector in the economy in Turkey, for some reason were the untouchables, Gezgin went on to say: "The holding companies will continue to dominate the banks. The banks showing the public a profit on their commercial balance sheets, when it comes to the business, or financial, balance sheet, that is, paying taxes, you will see that they are in the red. The state has extensive powers under the banking law, but does not use them. It overlooks many things, thinking not to let certain banks go under. And we stand by as spectators of these developments." Gezgin said that following the recent decisions, some small and medium-sized industrialists would still be without credit, while the large ones with which the banks have close relations would continue to be given laxatives to prevent their going under.

#### Alternative Channels

ITO Chairman Nuh Kusculu said the deposit interest spiral could not be halted as long as industrial credit demand was high. Kusculu said that in previous years industry's capital balance had been 50-50 net assets and credit and, noting that net assets had fallen to 10 percent and even 2 percent in some businesses despite lower production today and that firms in financial straits were clinging to credit like a life preserver, he continued: "The industrialist seeks credit to keep his business going, not to make a profit. In this climate, he cannot press the banks to halt the interest race. The important thing is for the industrialist to get his capital-loan ratio back in shape. To achieve this goal, resource channels to offer an alternative to bank credits must be activated and a true securities market formed. The stocks and bonds market must be made competitive with certificates of deposit. The evaluation and property assessment system must be revised without delay. Interest should be paid on commercial and official deposits and the banks, with this kind of higher mixed cost, would be discouraged from raising their costs by paying higher interest."

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## CONSERVATIVE'S SCHLUTER SEES SIX-PARTY NONSOCIALIST COALITION

Copenhagen BERLINGSKE TIDENDE in Danish 11 Jul 82 p 3

[Article by Solveig Rodsgaard]

[Text] "We will not accept the four-leaf clover as a straitjacket that excludes contact with other parties. It can do no good to try to fool others or ourselves into thinking the four-leaf clover is a majority. If we went ahead and formed a four-leaf-clover government it might stay in power for 3 months, 6 months, perhaps a little longer. But it would have no real power to act. It would have to seek a political agreement with a majority in Folketing."

So said Conservative leader Poul Schluter now that he has taken the lead in the cooperation among the Conservatives, Liberals, CD [Center-Democrats] and the Christian People's Party and wants to start talks with the Radical Liberals and the Progressive Party in order to guarantee a nonsocialist majority. The move was received positively by both the Radicals and the Progressives, even though the Radicals say the talks should not concern the budget alone but should include economic policy as a whole.

"I think it is correct that the Radicals say it is not just the question of public spending that is involved, but that other decisive areas should be included. I simply used the budget as a starting point because it is coming up in a few weeks. The budget is a kind of touchstone, but it is clear that other areas must be included. This could mean labor market policy, social policy or, in particular, income policy, because we are heading into new contract agreements in the fall. I think it is important to formulate a basis for contract negotiations so that the people on the labor market have a guarantee that direct personal taxes will not rise and that there might even be a moderate decline in taxes on earned income. I am convinced that the Radicals are in full sympathy with that.

#### Majority

"That is what I will try to unite the six parties on. I also think that it is important that the six nonsocialist parties manifest fundamental agreement in a number of areas. This does not have to cover everything.

But it would exert pressure on the government if there was an announcement from the six parties that the government must either shift direction or step down.

#### Socialist-Conservative-Liberal Government Rejected

"It is important to establish in a calm, friendly and analytical fashion, where nonsocialist Denmark stands the day the government resigns. This could happen in connection with an election, but it could also occur without an election in the fall, when everything falls apart for Anker Jorgensen. Therefore it is vital that we be prepared. We must see to it that a nonsocialist government is not just slapped together, approved and occupying all the ministerial posts, only to discover that it cannot get anything done. There must be a majority behind it or at least not a majority against it."

Poul Schluter insisted that the Conservatives are still part of the four-leaf clover. But he also favors a future nonsocialist government that is as maneuverable as possible. And that might be the case to a greater extent if only the Conservatives and Liberals, not the entire four-leaf clover, form a government.

But he flatly denied that he was secretly contemplating a Social Democratic-Conservative government.

#### Conservative Government

"That is not true. The problem with the untraditional S-V [Social Democratic-Liberal] government was that the nonsocialist element was too weak. A big and powerful Social Democratic Party on one side and a small nonsocialist element on the other. If some day it becomes possible to form a big and strong coalition government, the Social Democratic and nonsocialist elements must have equal strength. Therefore the nonsocialist element must consist of at least the Conservatives and the Liberals. Unfortunately, there is nothing to indicate that Anker Jorgensen would go along with this.

"Is it unrealistic to contemplate a straight Conservative minority government? I would prefer a broader base, unless there is an election that points so clearly to the Conservative Party that other parties also decide this is the best possible solution. But I think it would be the height of folly for the Conservatives to go into the next election campaign with the statement that our primary wish is to form a straight Conservative government. But how a nonsocialist government would look after an election would depend on the distribution of seats and the advice given by the other nonsocialist parties. And what the Radical Liberals, the Social Democrats and the Progressives had to say after an election would not be unimportant either.

## Candidate for Prime Minister

"Prime minister candidate? Any party's political people and deputies would naturally prefer that the party stood at the head of the government in which it participated. But on the other hand, one should not be so rigid on such matters that it becomes an obstacle. That was precisely our attitude in December when we supported Henning Christophersen. But it is obvious that the situation might alter. If there is a majority in support of Henning Christophersen, we would take that into account. If a majority supports the leader of the Conservative Party, that would be a welcome duty to perform. But one cannot demand that the Conservative Party, the obviously largest opposition party, absolutely dismiss the idea of coming up with a prime minister candidate. We will not buy that. It seems to me that we have made our contribution to unity on the personality issue and we will not accept being ruled out when we are the party chosen by most non-socialist voters. Will the four-leaf clover become a three-leaf clover? Nothing can be ruled out."

6578

CSO: 3106/144

## GENSCHER DEFENDS FDP ON BUDGET, COALITION, HESSE ELECTION

Hamburg DIE ZEIT in German 9 Jul 82 p 3

/Interview with Hans-Dietrich Genscher, FDP chairman and minister for foreign affairs/

/Text/ ZEIT: In recent weeks the Bonn state theater has once again staged the play "Will the Coalition Founder?" Now it is closing down for the summer vacations. Will the performance continue behind closed doors or on the Hesse Land stage with the title "Hovering or Tottering?"

Genscher: Neither nor! The government and the parties supporting it have the duty politically to enact and offensively to champion the decisions they have painfully arrived at and that we consider basically sound. They may distance themselves from these decisions neither internally nor to the outside, so as to create the necessary confidence among the public and the investors for the urgently needed investment decisions. We should concentrate on the job in hand. We should do our duty so that unemployment in our country may be fought effectively.

ZEIT: Has the coalition stabilized by this decision? The Federal Chancellor said that the FDP had not used the opportunity to defect at the time of the budget, and that such an opportunity was not likely to come again soon. CSU general secretary Stoiber considers the FDP paralysis a proven fact; it would not, he says, swallow any humiliation inflicted by the SPD. In other words: Was the coalition saved due to FDP weakness?

Genscher: We are concerned with the job in hand. Decisions have emerged that we consider correct. The breakthrough to important liberal goals was achieved, such as individual responsibility by, for example, individual contributions to social security and health insurance. That has been my contention since last summer with the aim of achieving a real change in consciousness and action. I am saying this although I know that my friends in the SPD (and I think they are wrong) do not like the word "change."

ZEIT: This change, therefore, was at no time a coalition issue as far as you were concerned?

Genscher: It was always a factual goal, so that our country may adjust to changed world economic conditions, to developments that have not a cyclical but a structural

origin, arising from increased energy prices, the advent of new economies in the context of the world economy--from the equal participation (that we have long called for) of developing countries in the world economy--, and from technological innovations.

This change in our consciousness and action is imperative. We must continue it, step by step. That is the function of the liberal party; after all, it is and must remain the party of rational change and reform.

ZEIT: SPD fraction chairman Wehner said that this decision has stabilized the coalition, and that there is now every prospect for the FDP and SPD to cope with their tasks through 1984. Do you share this opinion?

Genscher: I would prefer not to comment the very different statements issued by the SPD in recent days--some resembling those by Herr Wehner, others being very different. The decisions adopted could be an excellent basis for cooperation, provided they are fully supported by both parties--if--, we ourselves are quite firmly committed to do so.

ZEIT: And how do you appraise the reaction by the opposition?

Genscher: The opposition must submit to the question whether it has any alternative to our decisions. The opposition chorus has been rather shrill, indeed polemical. One voice sounded reasonably realistic, that of Baden-Wuerttemberg Minister President Spaeth.

ZEIT: But that was not typical.

Genscher: I am merely saying that one voice was realistic. The others should not have confined themselves to objections but said what they want or want to do better. The voter is entitled to be told.

ZEIT: Did you consider the decision for change more important than the decision for or against a specific coalition?

Genscher: I have been committed to effect change in this coalition, and when you look at developments since last summer, I have gradually succeeded.

ZEIT: SPD chairman Brandt said he could not guarantee the continuing existence of this coalition until 1984. Would you express yourself similarly?

Genscher: I would not.

ZEIT: In the course of the negotiations did the FDP make the issue of individual contributions to hospital costs a coalition issue? And if so, why?

Genscher: The term "coalition issue" is wrong in this context. Such terms must be used sparingly. It was a crucial issue for us, because we intended to set a political signal leading from the demand society to a society emphasizing individual responsibility and decentralization. Our citizens readiness to accept responsibility is much greater than sometimes assumed. There is a profound internal dislike of total cradle-to-grave welfare.

ZEIT: The principle of individual responsibility applies to so-called secondary drugs and prescription fees. Does it hold for participation in hospital costs also? After all, someone who has to go to hospital for a week has little opportunity of thinking that over.

Genscher: We are concerned with individual participation in costs and the reinforcement of cost awareness on the part of the insured--an awareness clearly appreciating that each D-mark spent on health care must ultimately be provided by the insured.

ZEIT: Does not this mean a simple shift in costs?

Genscher: It is not a shift, because, if the insured had not been in hospital, his food costs would have had to be paid at home. However--by way of cost awareness--it does contribute to the holding down of costs. That has its effect on hospital stays and, even more, on spa cures.

ZEIT: Many object that this budget is based on questionable assumptions of economic development. Unlike the assertion by the minister for finance, it is not really "sound to the core." One CSU deputy went so far as to say that he was reminded of the drunk who, stopped by the police for weaving in the road, claims with a heavy tongue that he is stone cold sober.

Genscher: The issue is far too serious for me to get involved in comparisons more suitable for a bar argument.

We start from the assumptions reported to us in the Cabinet and in the presence of representatives from the Bundesbank, who did not contradict them. My admonition to the government parties offensively and confidently to champion the budget decision has precisely the goal of contributing to the shaping of public and business confidence and not to undermine business trust in the government's resolve to stick to this conservative budget.

ZEIT: Still, these objections are raised by more than one CSU deputy.

Genscher: But that is how it seems to me, at least in this form!

ZEIT: Formally yes, but factually no, because banks, economic institutes, employer federations and even FDP deputies doubt whether borrowing has really been sufficiently reined in, whether extraordinary budgets will not have to be tabled once again.

Genscher: We are leaving no doubt of our resolve soundly to finance the budget. We will therefore continue in all subsequent discussions of the 1983 budget conscientiously to examine whether the assumptions of 1 July 1982 will continue to hold.

ZEIT: Not only the FDP, its chairman too has attracted the fire of the critics. Strauss proclaims that Genscher is finished. Zimmermann says that Genscher is the great loser. Even in the FDP there is a growing tendency to make Genscher the scapegoat. Does that worry you?

Genscher: When times are difficult, a chairman is bound to be the focus of considerations. Democracy without criticism is unthinkable. Everything depends on the tenor of the criticism.

When you mention CSU comments I am not concerned at all; after all everyone there has his own way of dealing with political opponents. I would not have dreamed of saying something like that about Herr Strauss when he did far worse at the 1980 Bundestag election than did Helmut Kohl with his respectable 1976 result.

ZEIT: Are you concerned, though, at events in the FDP?

Genscher: A party chairman must deal with internal party criticism, and he is duty bound to ask himself in how far it may be justified.

ZEIT: In recent weeks the public had the impression that the FDP was camping on the Rubicon. Some wished to cross it toward the Union and were already busy building a bridge. Others held protest meetings. Still others grumblingly went on a picnic. Could resolute leadership have prevented such an image from arising?

Genscher: The resolute leadership had to concentrate on the job in hand. It did so and therefore succeeded in pushing through the measures necessary. Tactical speculations are not my forte. I neither contribute to them, nor do I initiate them. Necessary is loyalty to the job and programmatic work to put the party into a situation to meet the challenges confronting us.

ZEIT: Loyalty to what program?

Genscher: We must devote ourselves to two central issues. One is the necessary programmatic penetration of social policy from the aspect of "individual responsibility and individual participation as contribution to individual realization," the other the further development of our foreign and defense conceptions: That is to point the way from an absence of war by means of deterrence to real peace by confidence, in other words a European peace system based on military balance at the lowest possible level.

ZEIT: How do you explain the fact that the public was under the impression that Genscher did actually want change but lacked the courage?

Genscher: Many a zealot has aroused this impression.

ZEIT: You did not?

Genscher: No. I have always had confidence in being able to accomplish that which I considered proper to do.

ZEIT: You talked of factual decisions. Does that apply to the coalition decision in Hesse too? After all the Federal Chancellor has claimed that the FDP there is behaving like a vacillating party and would have to suffer the consequences; in other words, there the decision was not taken for factual considerations but from fear for the party's continued existence.

Genscher: I am not so sure that the Federal Chancellor would repeat this statement. Besides, I have no wish to enter into polemics and damage our relation of trust.

ZEIT: How do you justify the Hesse FDP's coalition decision?

Genscher: This was a classical decision based on factual considerations and initiated from below in the Hesse party. At local level in Hesse there is a good deal of satisfactory cooperation between Free Democrats and Christian Democrats. Increasing problems arose between the coalition partners in the matter of economics. The decisive blow was represented by the fact that the Hesse SPD took the lead among those who pushed through the very decisions at the Munich SPD Congress, that differed profoundly from our views. Our friends in Hesse were bound to fear that, in view of such profound disagreements between the Hesse SPD and FDP, it would be impossible for another 4 years to guarantee a successful job conservation policy.

ZEIT: SPD congress resolutions are no more than assignments for review.

Genscher: It is not a matter of reviewing the question "whether," and the review is evidently not intended to aim at non-implementation. Furthermore, no review is considered necessary any longer with respect to resolutions on the introduction of the advisory board system and the notification bureaucracy in the economy. Here liberalism and socialism part ways.

ZEIT: Party congress resolutions are not synonymous with government policy. Moreover Boerner succeeded in preventing the SPD from deciding on a moratorium for nuclear power plant construction. FDP Land chairman Gries looks back on a successful and friendly cooperation with Boerner. Where, then, are the Land political reasons?

Genscher: The motion that the Hesse SPD Land chairman submitted for adoption was welcomed by a definite majority at the Land party congress. It fits precisely with those conceptions I have just addressed. The Hesse FDP was entirely justified in concluding: Confidence is lacking in the decisionmaking and operational ability of the Social Democrats, especially with regard to coping with the difficult economic and sociopolitical decisions of the 1980's, and confidence is therefore lacking in any further coalition with the Hesse SPD.

In any case, it is quite possible to have had satisfactory cooperation in the past --in recent months problems were evidently increasing--and yet lack confidence in the future. It is therefore entirely normal for new constellations to emerge.

It is also quite obvious that the Social Democratic Party is turning away from its former policies and toward cooperation with the Alternatives.

ZEIT: That hardly applies to Boerner; after all, he is the prototype of the traditional social democrat employee politics.

Genscher: His party obviously differs. I go by the latest statements of the SPD leadership and by developments in Hamburg. There Herr Klose was replaced because he championed policies closer to the Alternatives. A successor was found, Herr von Dohnanyi, who said he would not cooperate with the Alternatives. Hardly was the

election over when he allowed precisely these Alternatives to keep him in office and now step by step--under pressure from the Alternatives--proceeds to implement the Klose program. We must save the Land Hesse from a similar fate by concluding a coalition that will carry on a consistent market economic policy.

ZEIT: According to the polls there is absolutely no chance for a Green-SPD alliance in Hesse.

Genscher: Hamburg voters thought so too. That is why we will appeal to employers and workers in Hesse to remember Hamburg. They know what it means if the Alternatives are able to compel the introduction of a no-growth policy and threaten jobs.

ZEIT: How do you expect the voters to understand the FDP's argument that runs: By entering into a coalition with the CDU in Hesse we intend to support the social-liberal coalition in Bonn?

Genscher: In Bonn we have made our policies prevail with respect to important budgetary and sociopolitical issues. This may not be endangered from Hesse by a SPD dependent on the no-growth champions.

ZEIT: Why do you think it indecent for the SPD sometimes to cooperate with the Greens? Should it not be allowed to play with the "dirty kids."

Genscher: I have never used the term "indecent," let alone the other and worse term; that is not my kind of language.

ZEIT: You did say that the Greens are keeping the SPD in office in Hamburg. That sounds like a moral reproach.

Genscher: I stated a fact: The SPD allows itself to be kept in office by the Alternatives, although it had previously promised the voters it would not cooperate with them.

ZEIT: Would you have preferred a grand coalition in Hamburg?

Genscher: That was a priori excluded by the SPD. It is not a matter of what I would prefer in Hamburg but of the SPD's attitude before and after the election. I want to let the Hesse voters know what may happen to them if the SPD is given the opportunity to behave in Hesse as it did in Hamburg.

ZEIT: Do you think it impossible in principle to come to any agreement with the Greens? Do they have to be kept in the ghetto of political irresponsibility for good?

Genscher: Did I ever propose that? I am merely measuring the SPD by its pre-election statements in Hamburg, I am drawing the voters attention to the possibility that the same may threaten in Hesse.

ZEIT: In fact there are many points of similarity between the concepts of the Greens and those of the FDP. In Bonn the FDP acquired the reputation as being the party of the environment. Do you not consider it a danger that the FDP may now

appear as the party of industry, growth, strong-arm techniques or, as the Social Democrats put it, the part of neoconservatives?

Genscher: A liberal party is neither neoconservative nor neosocialist, it is liberal. One aspect of liberalism is tolerance for all political opinions--something I have sadly missed in the recent debates. A liberal society implies humanitarianism and, as far as I am concerned, a humane society includes concern for and protection of our environment. That is why the FDP continues to be the party of the environment.

As federal minister for the interior I not only submitted the first environmental control program, I steered it through the legislative. The FDP need not fear discussion on this point. However, it must conduct the discussion not by adaptation but by the championship of its own realistic ideas. As environmentally conscious liberals we certainly do not wish for ecologically indefensible growth, but the problem of this age is not too much but too little growth.

ZEIT: How do you evaluate the chances of the Hesse FDP?

Genscher: I am convinced that a resolute FDP election campaign and, especially, loyalty to the job in hand will reward the FDP with a sound standing in the new Hesse assembly and, 14 days later, the new Bavarian assembly.

ZEIT: People are already looking toward 1984. How do you intend to explain to the voters that the FDP is indispensable in our party system?

Genscher: I have been familiar with that question for as long as I have been in politics. By earning credibility we will persuade the voter that our country needs a party that will always decide "for freedom when in doubt."

ZEIT: And you firmly believe that this will always be persuasive?

Genscher: So far voters have always reacted positively.

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## FINNISH ACADEMY RESEARCHER DOUBTS NEED FOR NUCLEAR-FREE ZONE

Helsinki HUFVUDSTADSBLADET in Swedish 26 May 82 p 2

[Commentary by Steve Lindberg: "Nuclear-free Scandinavia--Why?"]

[Text] The debate about a nuclear-free zone has had positive reverberations in the newspaper columns and among the public, and one often forgets that, although such a zone could possibly spread to include all of Europe, it would be of little practical use as things now stand. One also often forgets that freedom from nuclear weapons would change the superpower configurations in the vicinity of Scandinavia, something which in turn would threaten the stability we have had in Scandinavia since the latter part of the 1940's in the sense of political security, Licentiate of Political Science Steve Lindberg, junior researcher at the Finnish Academy, points out.

A nuclear-free Scandinavia! The idea awakens positive associations. One thinks of a Scandinavia which in peace time is de facto nuclear-free. One connects the expression with the Finnish initiatives to insure through agreement that this freedom from nuclear weapons will apply to times of crisis and war as well, something which, from an ordinary point of view, should strengthen the security of Scandinavian citizens. One identifies with the debate on a nuclear-free zone and with the grass-roots movement for freedom from nuclear weapons which, in the 1980's, has grown especially strong in Scandinavia.

A nuclear-free zone in Scandinavia is a good thing--if one wants to speak in terms of black and white, good and bad. But a thesis and an antithesis are followed by a synthesis, and the multidimensionality of reality is neither black nor white, but makes up a gray zone where values are interconnected.

Still, proponents of freedom from nuclear weapons have chosen to discuss this regional, security political goal normatively on a very high level of abstraction. A nuclear-free zone is peace promoting; thus it is desirable. On the surface, the discussion appears sound.

If one, however, delves deeper into the freedom from nuclear weapons as an intermediate goal in the struggle for a secure Scandinavia, a more secure Europe and a peaceful world, and relates this to today's and tomorrow's world, the case is different.

In Scandinavia, semiofficial discussions of plans for a nuclear-free Scandinavia have begun with the problems such a zone could bring. Even if we disregard the fact that for the time being both Norway and Denmark want to retain their nuclear weapons option within NATO in case of a crisis situation, there remain certain problems which are not of a regional nature and which the Nordic countries cannot unilaterally solve. This includes the question of the superpowers' nuclear weapons positioned close to Scandinavia and, in certain cases, targeted on places in Scandinavia. Even were these nuclear weapons either withdrawn or deprogrammed of their Scandinavian target coordinators, the fact remains that Scandinavia borders on a superpower whose global policy and position ultimately depend on its possession of nuclear weapons. This means in plain geopolitical language that the Soviet Union can hardly disarm the area around Murmansk, on the Kola Peninsula, the most important base of the possibly most powerful naval power in the world, without suffering a considerable setback in the global power struggle between the superpowers. Moreover, the Soviet Union has declared that this area lies outside the concessions the superpower is willing to make in the interests of a Scandinavian nuclear-free zone. The Soviet Union also has considered it outside the range of possibility to forgo use of the Baltic as a channel for nuclear armed marine units.

The above means that a Scandinavian nuclear-free zone in reality would include only the territory of the Nordic countries with a few lesser concessions in a larger thinning-out zone, which in fact means that in reality Scandinavia would still be no more nuclear-free than it is now, with the exception that attacks with nuclear weapons would not be aimed directly at the Scandinavian territory.

All this brings us to the crux of the matter. What is really the advantage of a nuclear-free Scandinavian zone?

In assessing the effects of such a policy on security, or why not on peace, it seems natural to ask: Is a nuclear-free zone in Scandinavia going to improve the security of the Scandinavian citizens, the Europeans, or of the whole human race?

Proponents of the zone have answered the question with a yes. The whole human race will benefit if Scandinavia is decreed to be a nuclear-free zone, even if this advantage is relative.

On a high level of abstraction this may be true. For my own part, and in today's situation, I can, however, only question this, as I did in greater detail in the fourth issue of FINSK TIDSKRIFT. Since a Scandinavian nuclear-free zone would in the first place affect the security of the Scandinavian citizens, I will limit myself to dealing with this question, in the hope that what benefits the Scandinavian citizen also benefits the rest of the human race.

Does freedom from nuclear weapons then isolate one from the horrors of nuclear war? The answer seems to be no. In the first place, in no situation could Scandinavia be considered a suitable goal for extensive nuclear attack. In the second place, Scandinavia is such a small area geostrategically, that a nuclear war in the vicinity of the region would have certain serious enough secondary radiation effects on, in the best case, considerable parts of the Scandinavian territory. Thus one cannot equate freedom from nuclear weapons with nuclear security.

On the contrary, freedom from nuclear weapons could be dangerous for the Scandinavian region in a situation in which relations between the superpowers are markedly cool. If the Russians were to withdraw nuclear armed short-distance robots from the thinning-out zone they could easily replace them with SS-20 robots in the vicinity of Ural which could rapidly be fed Scandinavian target coordinators. Even if Norway and Denmark were willing to give up their nuclear weapons option, in such a case the United States might feel called upon to strengthen its military preparedness in the Northern areas with conventional weapons, something which in turn would thwart all discussion about a Scandinavian balance, about keeping Scandinavia outside the superpower conflicts, while each superpower would speedily extend its conventional defense in the vicinity of the Nordic countries. This would in turn probably lead to a heavy Swedish mobilization, if Sweden wished to retain its neutrality--thus it would lead to increased tension in Scandinavia.

The striving for a Scandinavian nuclear-free zone thus would benefit world peace in a situation in which there is trust between the superpowers, in which the bipolar atmosphere is characterized by a relaxation of tension. In today's situation, in which such trust is markedly lacking in the relationship between the Soviet Union and the United States, a nuclear zone in Scandinavia would be of marginal benefit, if any at all. To officially seek such a zone could be dangerous.

As part of a relaxation process, the plan for a nuclear-free Scandinavia has its place. But when no relaxation is taking place, such a zone is without benefit, even if it is still normatively attractive.

Thus there is reason to point out that the realization of a nuclear-free zone is far in the future, and that the present requirements for such a realization cannot be met by governments functioning within the present international system.

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## PAAVO VAYRYNEN LOOKS AT PROSPECTS FOR POLITICAL FUTURE

Helsinki HELSINGIN SANOMAT in Finnish 13 Jun 82 pp 17-18

[Article by Anu Seppala: "The Much Slandered Paavo"]

[Text] The chairman of the Center Party has been criticized as a climber, schemer, opportunist... Nevertheless, Paavo Vayrynen will go to the party congress in Rovaniemi full of confidence: the rank and file may scold him, but they will reelect him.

If a poll were taken to determine the individual with the worst reputation in Finland today, this person would without a doubt be Paavo Vayrynen.

He himself is of this opinion.

"If one were to ask, who is a climber, who is a schemer, who is an opportunist with respect to public office and power, who is a boozier, it would be I. One can feel this when walks down the street. I know that behind all this there is a political pressure campaign. I could even name the quarter or quarters, but I do not want to do this. Being kicked in the head is part of the game in politics, and at this time I am perhaps a dangerous man."

He has reason to explain. Without asking he brings up the matter of per diem for MP's. The word "justice" flashes in and out of his speech. He knows that he is now standing under the protection of a wall of formality. No one can get him for negligence in the performance of official duties or deception. He is not that stupid.

One must be precise with him at all times. He has knowledge, and he knows how to be credible. If one just listens to the tone of his voice, it conveys assurance with each octave. He directs the course of words and concepts as only a skillful speaker knows how. It is not without reason that he is a skillful orator known throughout the country, and he is not chairman of the Center Party just because of his charm.

He is intelligent. He has knowledge. Ambition. Aspirations to power. Obscurity. A feel for the game. Arrogance.

"There is one thing lacking," states an experienced party comrade. "A sense of humor."

"I have become a very serious person," admits Paavo Vayrynen. He withstands even aggressive questions very well. It is a different matter whether or not he answers all of them. His expression remains nearly unchangeable.

Vayrynen's poker face does not change even in a politically dangerous situation. It is known that he does not acquiesce, he does not consent to compromises until it becomes absolutely necessary. The attempt to bring down Koi-visto's government demonstrated that he is ready to fight even when there is no hope.

He also has another side, which tells of a congenial family man. Chairman Paavo Vayrynen is a familiar sight in the neighborhood markets of Kruununhaa. He stands in line behind the cash register like everyone else and knows the most essential about his purchases -- the price. He is reluctant to talk about family matters. Recent newspaper articles hinting of scandal have left deep scars.

"My oldest children, who are attending school, have not complained about anything, but without having to say anything I know that it has been difficult for them."

He is not made of stone. One must move about in public even when one's own face decorates every telephone pole.

"It seems most unjust when one is subjected to criticism for issues about which nothing can be done and which cannot be explained in public."

He refers to the chairmanships of the Kemi River Corporation and the board of directors of Enso. Vayrynen has been criticized for the fact that he grabbed the positions for himself.

"No one else wanted them! A capable individual had to be found from somewhere. I had to do it since others did not dare. My guiding principle has been that one must act on behalf of the interests of the party even when the conditions are unfavorable. It is cowardly to shirk one's responsibilities just for the reason that one becomes subjected to criticism."

#### A Brat

There is no arrogance in Vayrynen's voice. If emphasized, many of his statements give an impression of arrogance even though in recent years he seems to have learned some discretion.

The familiar "after a night's sleep" is a reflection of that very desire to formulate his statements in solitude since there is a tendency for others to hang on every word.

He is not at all the darling of the press. Far from it. He has his reasons, the press has its own. Vayrynen does not overexert himself to flatter others. As Finland's youngest foreign minister he was seen to be arrogant, which enraged many. In this country a young man must be humble, but Vayrynen must be tolerated for what he is:

"My problem -- and on the other hand also my strength -- has always been my youthfulness. I was Finland's youngest MP, only 23 years old when I was elected, and I was 31 years old when I became foreign minister in 1977. I have always been labelled as a brat when people have wanted to criticize me and argue that I have no experience. My only defense is to convince them with my knowledge and work."

He defines himself as an honest climber.

"I have always tried to advance in life. I want power since only power and position provide an opportunity to influence social decisions. I do not want power for myself, the time for that kind of climbing is over. My goal is more idealistic."

However, Vayrynen tempers these idealistic concepts with a more realistic assessment:

"One must struggle for power, and it is not enough that one struggles with one's opponents. In this struggle one cannot think about one's own image. It will be what it is."

He points to his own portrait of an unsmiling politician. Pictures taken of him in the parliament and in various interviews have left just such an impression.

Up close one notices in Paavo Matti Vayrynen nuances which make him more sympathetic, more thoughtful, and more uncomplicated. But he has done absolutely nothing to emphasize these traits and has only himself to blame.

Complete indifference with respect to polishing up his own image seems strange. Indeed, Paavo Vayrynen is familiar with the workings of the press, he himself was an editor for the state-owned Finnish Broadcasting Corporation in 1969--70. He had control of the picture tube for several minutes. The only thing people remember is a stern expression and a northern melody. I cannot be called a smiling individual.

"I place more trust in knowledge and results," he sometimes says in defending himself when he is once again accused of lacking a sense of humor. And this is probably the case. Paavo has cleared his path with knowledge and skill. Indeed, there is in his whole background the strong arm of the K-line, which props up Vayrynen's success. He was elected an MP in 1970. He became the political secretary to the prime minister in 1970--71, was appointed education minister in 1975, labor minister in 1976, and foreign minister in 1977. He was vice chairman of the Center Party from 1972 until 2 years later when he was elected chairman at the congress in Turku.

Does he chase after women and booze, as has been alleged?

"No, I do not."

The expression is cool, impatient. He answers only for the reason that something must be said. A politician cannot defend his reputation. He must persevere. The skin becomes tough, but no one asks what it feels like inside.

### Sacks of Cabbage

From time to time he pops open his pocket watch. A covered pocket watch hanging on a chain seems surprising in the hand of a young political comet. A digital watch would seem more natural. The kind which shows New York and Moscow times and beeps when time has run out.

He has lost weight.

"More than 10 kilos last winter," he says obligingly. He is achieving the slightness and strength of his youth. His hands are sensitive, artistic, his movements are decisive and quick. The four-sided dullard is the distortion of camera angles and flash bulbs. In truth, Vayrynen is graceful and well-built.

Nevertheless, he owns the European record in carrying sacks of cabbage. Six tons in a day! This becomes clear when he somewhat impatiently relates his youth in the 1960's.

"My father Eemeli began as a travelling adviser for the Perapohjola Agricultural Society and was so interested in this field that he acquired a plot of land for growing vegetables in the rural community of Kemi. He did so well that he purchased and leased additional land so that finally he had 5 hectares under cultivation. My father specialized in the sale and cultivation of early vegetables. We had green houses and hotbeds.

"I, my brother, and my sister attended school and all our free time was spent in the cultivation of vegetables. I carried cartloads of vegetables to the station, which was 1 kilometer away. I carried sacks of cabbage countless times a day. My father bragged about his achievement, it was 5,000 kilos a day. I had to break his record. One day I carted 6 full tons. The next morning the only way I could get out of bed was to roll out. That much it bothered by back!"

Paul Anka was heard on the radio on Saturday nights. The charm of the Beatles caught the fancy of the students in Kemi. Pate, Patsi, Pave, Pavel and finally Putsi Vayrynen outgrew these fads with a shrug of his shoulders. This bright, young favorite of the girls and silently accepted leader of the class had more intelligent endeavors on his mind. Youth group activities. He belonged to a drama club and a dance group, recited poetry, gave speeches, and, of course, acted as an announcer at public events. What else but a capable young lad eager to appear in public.

"With a little practice I could even dance the Koivisto polka," stated Vayrynen suddenly in jest. He describes black knee pants, red socks, and shoes with buckles. The vest was also red.

"I later donated the costume to the youth group."

As Vayrynen's political profile becomes more well defined, he will be able to give such a lighthearted picture of his youth for publication. For the time being, he would rather keep this description oral.

"We even danced and gave performances in other communities. Even in competitions. Our director was a professional man, Olavi Karassaari, he knew my thoughts and said that you have talents, but do not go into the theater. Try politics."

Paavo Vayrynen examines the activities of his own school years with a kind of gentle criticism: the young boy was anxious to try everything. The spark was there. From those times Kaarina Virolainen, an activist in the youth group of the Agrarian League of that time and a judge at cultural competitions, remembers a rather dark, purposeful, and gifted young boy, who frequently won first prizes with his elocution and speaking abilities.

"I would not be exaggerating if I said that I could have entered the parliament with my recitation of poetry."

This is exactly what happened even though it seems slightly paradoxical.

"I still know a few poems I recited for competition by heart. One was especially sensitive and beautiful, P. Mustapaa's poem about an unpretentious funeral. I appeared before thousands of people at the festival in Kukkolanoski, among other places. When several years later I made the rounds of the same communities as a candidate to parliament, people immediately recalled that this was the young lad who recited the poetry. This also had an influence on the outcome."

He flashes a smile. The expression of his eyes seems to overflow. He would be understood better if he gave up his serious appearance. He says that he adopted this serious appearance as a counterbalance to the joviality of Johannes Virolainen, the former chairman of the Center Party.

"There were no other alternatives. As a young man I had to accentuate something of my own next to this old man. I adopted this slow, peaceful manner of speaking. One must instill confidence. I can only do this by the force of elocution, my knowledge, and my public demeanor since my age is not sufficient."

As a speaker Paavo Vayrynen is beyond reproach. On the telephone, when he presents touchy opinions, his voice is controlled, the tone of his statements is smooth, and there is a sharpness in his words. Political opponents may criticize him in any way they want, but certain things even they must admit. Paavo knows. Paavo knows how. Paavo reads. Paavo becomes well acquainted with the tasks he has been assigned.

In school Paavo was the highest-ranking student in his class, but his entrance exams to the university did not go as well as he expected. But, nevertheless,

he made it to the political science faculty of Helsinki University with flying colors. He could have even entered the Polytechnical Institute, but other interests occupied his mind.

At that time he was completely temperate. He did not even smoke. He did not remain on the sidelines of fraternity life. Politics came into his life, the Agrarian League, which had just changed its name to the Center Party, received an energetic young member in Paavo Vayrynen.

#### Commentator

In 1969 Paavo Vayrynen was the first secretary of the Center Party's student league. As a wise student he remembered the rural community of Kemi and wrote commentaries under his own name in POHJOLAN SANOMAT. They included affectionate stories of his home town, relevant issues, and news from Helsinki. Suitably enough, Paavo was a TV commentator when the Center Party's Perapohjola District made a secret decision to nominate Paavo Vayrynen as a candidate. Paavo had time to present a few programs on Lapland on the picture tube before his contract came to end.

The reciter of poetry turned out to be a real man of the province.

"Thus it happened that I received the record number of votes in the district of Lapland, 6,000 votes, even though they perhaps initially calculated that I would collect votes for the old party hacks."

The whole time Vayrynen's father hoped that his son would return. He would come home with a degree even perhaps to become the editor of POHJOLAN SANOMAT while keeping an eye on the vegetables at the same time.

"As an MP I was not able to fulfill by father's wishes, but, fortunately, my sister and her husband are now engaged in this work. My father himself is still very much involved. What else, he is an energetic man..."

Vayrynen refers to his father so frequently that this could possibly explain something about his ambition. His father has been a challenge. Indeed, this competence was tested with the cabbage sacks, but, nevertheless, each political victory and each public act of confidence is the same measure of the man between father and son.

An what about now?

What will the rank and file of the Center Party say on 18--20 June at the congress in Rovaniemi? Is the young chief, this educated technocrat, and Urho Kekkonen's former vassal and foreign minister still just as much the favorite?

"It is customary that at first the rank and file complains and then says, well, let's try for another 2 years."

And what about the rumors concerning his private life?

"I do not believe that the rank and file can be fed anything. They know me. They can reproach me for a more relevant issue, but they will forgive me. They say that I will be forgiven."

He adds a typical Vayrynen afterthought and grins:

"Even though I have not asked to be forgiven!"

He does not mean to be defiant. It is just his nature to speak straight out and make abrupt comments. There are few in Finland who can match his wit.

"Interpreters abound. The spoken word is always in connection with the prevailing atmosphere, emphasis, the situation in general, which softens or makes understandable a statement made in jest, a slight sarcasm, or a generalization. In written form it loses everything. Then it must be explained again. This is what has made me such a serious person in public."

At times he has been angry about the fact that he did not become An engineer since he even passed the elimination tests conducted by the Polytechnical Institute.

This, in particular, has gone around in his head recently. Since the change of the Pharaoh, the heads of the courtiers of the former ruler are rolling. Vayrynen borrowed this Pharaoh analogy from Mika Waltari's "The Egyptian", and it has already become a concept in political circles.

"Juhani Perttu, Eino Uusitalo, and myself are being maligned for the fact that we stood by the last Pharaoh until the very end. I am rather an exceptional rascal, the favorite of the old Pharaoh, and a messenger boy. A dangerous man. I am now being made to pay for this."

#### A Skier

He keeps talking about the same subject. He labels the rumors of scandal as political mudslinging. While others let loose of Kekkonen's coat tails in time and pitched their tents under the wings of the new arrival, Vayrynen feels that he has carried out his oath of faithfulness. There is a certain kind of obstinacy in the fact that he says he still only prefers to ski. Now that all the smart people are playing racket ball.

Once again he opens up his pocket watch. The telephone rings in his office. He pushes himself up from the chair. Rather quickly, as if in a sports competition. Under no circumstances does he intend to let up or leave anything unfinished. His position in the Center Party as chairman will not be disturbed by anything. It is no longer worthwhile to make any campaign trips to attest to his own excellence.

"Even otherwise it is not. The farmers are working in the fields. Who has time to listen to speeches."

The former foreign minister, the much slandered, disputed, and only seldom thanked reciter of poetry from the rural community of Kemi, Paavo Vayrynen, is waiting for the right moment and the right conditions. Soon he will be released from his ban. Soon the new Pharaoh's men must tolerate the one who has been put on ice and who after a rest will certainly return and will be more effective, more obstinate, and more dangerous. And perhaps even slightly wiser.

This is not the last we will hear of Paavo.

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**LIBERAL, CENTER PARTY CONGRESSES AGREE TO MERGER**

Others Inherit Liberals

Helsinki UUSI SUOMI in Finnish 7 Jun 82 p 3

[Article: "Diminished Support Creates New Parties; Liberal Inheritance Now in Four Parts"]

[Text] The legacy of ideals of the Progressive Party, the People's Party and the Liberal Party (LKP) is splitting up into at least four political movements. Each of these movements has been forced to fight for its life right from the moment of its birth.

This splintering of the Liberal constituency was brought on by the decision of the party administration and the Center Party (KEPU) administration to turn the LKP into a KEPU member organization. The union of the two parties will be officially blessed at the KEPU-LKP congress a week before Midsummer Day.

In the KEPU, the union is being received by members contentedly rubbing their hands for joy. Among the Liberals, only the party leaders have been widely unanimous on the need for a merger with the KEPU.

According to the figures on support, the faded liberal ideal electoral constituency has taken steps to form new parties among the different LKP factions.

The first to get going were the party's young people. Young Liberal leaders have begun to build up a new "nonsocialist party of the Left" into which LNL [Young Liberal League] they are enlisting left-leaning Social Democrats and People's Democrats. LNL leaders think of an LKP that is merging with the KEPU as somewhat of a party whose brain has died, so that you might as well pull the plug on it.

**Westerlund Is Ready to Try**

On Saturday the Progressive League, chiefly founded through the efforts of Espoo Liberals and the driving force behind which is engineer Seppo Westerlund, who has belonged to the LKP opposition, saw the light of day.

In view of its traditional party constituency, the Progressive League's position is particularly odd. At the founding meeting, Westerlund announced that the party is neither socialist nor nonsocialist. The new party does not support centrist policy or traditional liberalism either.

The league's ideological line was not very clear at the founding meeting. The participants either sharply criticized Finnish foreign policy or praised it to the skies. Opinions regarding Prime Minister Thatcher were also contradictory. They have managed to retain the Progressive League as an attempt by Westerlund to get himself back into Parliament. In his time he too struggled in the LKP, even getting to be a minister. He once lost out in the LKP chairmanship election by an extremely thin margin. And now he has his own party behind him. Few, however, believe that the door to Parliament may open to Westerlund.

#### Homeless Nikula and Antvuori

LKP vice chairman Paavo Nikula and the party's man in Helsinki, Pirjo Antvuori, have not yet announced their new political direction. According to newspaper information, they may set out for the parliamentary elections as candidates put up by their own voter associations.

Nikula is the only top LKP leader who has announced that he will not go along with the KEPU merger. Antvuori, on the other hand, will participate in the LKP party congress, but he will hardly stay on in the party after the merger with the KEPU. Especially from the standpoint of Antvuori's political career, the situation is a difficult one. In the last elections he came close to getting a seat in Parliament. And now the LKP is not suitable for Antvuori and there is not time enough for him to get on the Conservative Party ticket. As for Nikula, he has not publicly placed much value on his [possible] election victory.

#### Most Will Join KEPU

Most LKP members approve of the mother party's joining the KEPU. This is also apparently the case in the youth association, whose rank and file think of matters in a slightly different way than their leaders do.

It has been said that economic reasons constitute one of the major reasons for the LKP decision. The party will avoid bankruptcy too. But quite another matter is the question as to whether Liberal ideals can survive in the KEPU at all.

#### Liberals Elect New Chairman

Helsinki HELSINGIN SANOMAT in Finnish 21 Jun 82 p 11

[Article by Ritva Remes: "New Chairman Arne Berner: LKP Is Still in the Opposition"]

[Text] Joensuu—After his election on Sunday, manager Arne Berner, who was elected LKP chairman, made it clear that despite their merger with the KEPU

the Liberals are an opposition party. The LKP will not change into a government party until it obtains a ministerial post. According to Berner, the right time for discussing a portfolio will be during government budget discussions.

The main event at the LKP congress on Sunday was the election of party leaders.

Because of the party merger, 20 speakers took the floor during the insipid election of a chairman, several of them speaking in a pointed manner.

Irja Kahilainen felt that Berner would succeed chiefly in terms of political deals with his good and bad businessmen's party. Seeking to gain an edge with the public, publicity-shy Berner projects a typical "lib" image of himself, Kahilainen said, and threw her support to Terhi Nieminen-Makynen.

One after another, Nieminen-Makynen's defenders reminded the others that she was the only Liberal elector in the last presidential elections.

#### "Gray-Haired Charm"

During the elections the Liberals stressed the fact that the new chairman had to be strong enough to come to terms with the KEPU. Raitala even went so far as to ask Terhi Nieminen-Makynen to withdraw from the race for the chairman's seat. In Raitala's opinion, "here we certainly have a leader who, his cheeks glowing with enthusiasm, has proposed the most imaginative of programs."

In Raitala's opinion, "his gray-haired charm, credibility and experience" compensate for what Berner lacks in zeal and image.

Berner beat Terhi Nieminen-Makynen by a vote of 133 to 39. In addition there was one isolated vote and one abstention in the voting.

The congress Election Committee nominated Berner for chairman and Nieminen-Makynen and Juhani Sipilainen for vice chairpersons. In the opinion of Irma Toivanen, the chairwoman of the Election Committee, the nomination was unanimous, but with her supporters Terhi Nieminen-Makynen was of another opinion.

#### Liberals in KEPU Organs

Nieminen-Makynen and Juhani Sipilainen were unanimously elected vice chairpersons. The vote became unanimous when support for Erkki Maasalo, who had been nominated as a third candidate, was withdrawn. STTK [Finnish Central Federation of Technical Functionaries] organization and information chief Maasalo was appointed chairman of the LKP Executive Committee.

According to the party merger agreement, the Liberals choose their representatives in KEPU decision-making bodies. In addition to Berner, party secretary Kalevi Viljanen will get into the KEPU administration. The LKP vice chairpersons and LKP Executive Committee chairman Maasalo as well as two Executive Committee vice chairpersons will join the KEPU Executive Committee.

## Antvuori Stays On with Liberals

Helsinki councilman Pirjo-Riitta Antvuori, who with former LKP vice chairman Paavo Nikula has been thinking of forming a new liberal party, will stay on with the Liberals.

On Sunday Antvuori was elected Helsinki District representative on the LKP Executive Committee. Antvuori will apparently try to get into Parliament in the next elections on the KEPU-LKP ticket. Nikula has announced that he is resigning from the party.

On Sunday the party congress left the drafting of its new platform to the future. A 2-year political action program was approved. In it the LKP expresses the opinion that the political center and the Social Democrats have been able to agree on their internal policy goals, which is why the Liberals should cooperate with the SDP [Social Democratic Party].

On the other hand, they say in their program that ~~more~~ extensive cooperation with the Conservative Party than now is impossible in the coming parliamentary elections and "is problematic for other reasons as well," because the Conservative Party is trying to put together a two-party coalition with the SDP.

Of the initiatives proposed, the LKP again rejected the motion for a change of name. This time it was proposed that the party continue to function under the name, "National Center [Party]."

According to the final tallies, 212 official congress delegates participated in the LKP's last independent party congress.

## Man Who Sold Out His Party

Jaakko Itala, the independent LKP's last chairman, sold out his party and left it to its own devices: to fade away from the party map as even some Liberals believe.

On leave of absence from his duties as director of the Mannerheim Child Protection League, Itala has abandoned the Liberals at almost the same time as Mikko Juva has his duties as archbishop. Juva was the Liberals' first chairman, when the party united to become the LKP in 1965. As minister of education, Itala later advocated Juva for the post of archbishop.

Master of Political Science Itala was chosen to head the LKP 4 years ago, much vaunted as a charismatic leader with a good television image. With his Viking-like appearance, Itala was supposed to rouse his middle class to new growth.

While Itala did not display the charisma expected of him, the sudden demise of the party cannot be laid at the feet of one man. The concentration of voters in the big parties, the worldwide wave of conservatism and a system for holding elections that favors the big parties are felt to be the reasons for the shriveling up of the LKP.

Itala has, however, been criticized for his short-sightedness, sudden changes of mind and lack of credibility.

Itala is some sort of "Fearless Jack, the inventor." Just abracadabra, and new visions take flight in Itala's Conservative-Liberal line of thought. Itala has sometimes pulled the rug out from under his own people and sometimes from under outsiders. Itala has confused even himself with his swift pace. Astonished, Itala has listened to those who say that he has changed his mind on agreed-on matters.

Itala has not, however, been left speechless in the most startling of situations either. According to Itala's latest story, the merger with the KEPU, which surprised the party rank and file, even the vice chairmen, stemmed from a resolution adopted at the Rovaniemi party congress. In Rovaniemi, however, the LKP deleted any reference to a common center organization from the text of the resolution.

There is no reason to complain about Itala's drive. There is mainly a shortage of inventive, nimble-witted people. Those who have worked with Itala for a long time merely yearn for a slight braking of Itala's excess energy.

#### Businessman Berner

Arne Berner, who runs the Berner family business from an office he shares with his two brothers, was nominated for the post of LKP chairman 4 years ago.

At that time Berner felt that he had no chance. They said about Berner then that business was more important to him than the party. Berner was also considered to have committed suicide with the trailer hitch tax issue. Berner worked hard in the opposition to the Kalevi Sorsa (Social Democrat) government to try to get the trailer hitch tax bill passed and managed to split the LKP parliamentary delegation when Terhi Nieminen-Makynen and Anneli Kivittie voted against the government's bill.

In the Berner Company Berner served as manager of the auto department until the firm stopped selling autos. Before that Berner had created a stir when the Conservative Party accused Trade and Industry Minister Berner of having told his district salesmen about government plans for a tax on autos beforehand.

The attorney general exonerated Berner of the charges.

Just recently Berner raised Liberals' eyebrows too. Just before the presidential elections Berner signed a presidential proclamation on industry which was interpreted as support of the KEPU's Ahti Karjalainen.

For 10 years Berner was chairman of the SYKL's [expansion unknown] Businessmen's Association, which conspicuously opposed the Job Security Law. On Sunday Berner announced that he was giving up his leadership of the SYKL at the conference to be held in the fall.

Twice trade and industry minister (1970-1971 and 1976-1977), Berner was a member of Parliament from 1966 to 1972. In the last elections Berner bought a van and made a speaking tour of the Mikkeli electoral district. His wife made coffee in the rear of the van. Berner did not get into Parliament and he sold his van.

Berner has completed seven or eight grades of secondary school and an auto industry training course in the United States.

Vayrynen: Center Chairmanship

Helsinki HELSINGIN SANOMAT in Finnish 20 Jun 82 p 8

[Article by Arto Astikainen and Kalle Heiskanen: "KEPU Voted Only on Vice Chairpersons"]

[Text] Rovaniemi—In Rovaniemi on Saturday the KEPU congress unanimously elected Paavo Vayrynen, 35, chairman of the KEPU for a second 2-year term when vice chairwoman Marjatta Vaananen, thrown in against Vayrynen, did not consent to run for the chairman's seat.

As a send-off for his new term of office, Vayrynen received pink roses and from the Virolainen camp a couple of gruff words of advice: "Paavo, your way of doing things has to be changed. We'll follow you in the job you are taking on. If you're not honest and aboveboard, you'll go flying through the air like a javelin."

Vayrynen said that he especially valued the unanimous choice. He did not take it upon himself to interpret whether dragging Vaananen out was a swipe aimed at him.

"I feel very humble because I know from experience how demanding and difficult this job is," Vayrynen said to party members in a voice quivering with emotion.

Party secretary Seppo Kaariainen, 34, was reelected without any grumbling or potshots, but the KEPU elected its three chairpersons in a vote lasting many hours.

The Virolainen camp directed its fire at vice chairman Ahti Pekkala against whom they ran Parliamentary Representative Heimo Linna as contender. The party's younger element threw in first secretary Hilikka Pietila as a countermove to run against Vaananen. As of now, no one has threatened Taisto Tahkamaa's vice chairmanship.

The end result was as had been predicted: All three former vice chairpersons: Marjatta Vaananen, 58, Ahti Pekkala, 57, and Taisto Tahkamaa, 57, were re-elected.

Vaananen received 2,183 votes, Pekkala 2,129 and Tahkamaa 1,921. Of those who lost out, Linna was slightly more favored than Pietila. Linna received 733 votes and Pietila 696.

5,000 Present

Over 2,700 official delegates, slightly less than expected, attended the party congress in Rovaniemi on Saturday. Since there were in addition a couple of thousand party followers and other people, at best some 5,000 people were jammed into the big auditorium at the Lapland Sports School. The Rovaniemi party congress occupies third place in the KEPU's statistics on the number of participants at congresses.

Off to a weak start on Friday, the congress livened up on Saturday when more people arrived. Last fall's star speaker, Johannes Virolainen, came with his wife, Kyllikki, and KEPU members went on to their most impassioned topic, the choice of candidates.

In Rovaniemi they knew in advance that the present support for Paavo Vayrynen, elected 2 years ago in Turku, could not be gauged through a vote because Marjatta Vaananen, set up as a contender, would refuse to go through with it. Vaananen, however, did not throw in the sponge until the very last minute and so Virolainen's approach succeeded in slightly outclassing Vayrynen in terms of speechmaking and the vote in committee. Vayrynen won in Vaananen's committee by a vote of 28 to 7.

Vaananen said that she had informed the committee about her refusal, but the rank and file hoped "that we would have a chance to undo the machinations.

"Vaananen Doesn't Beat Her Head"

"Pressures" were released in the big auditorium by praising Vaananen and needing Vayrynen a little.

Keijo Kitola of Varsinais-Suomi began by demanding of Vayrynen that he change his way of doing things. "In Varsinais-Suomi they say that you have acted like an ex-pastor: Don't do as I do, but rather what I advise you to do," Kitola said to Vayrynen.

Arvi Kinnarinen of Pohjois-Karjala promised to follow the job Vayrynen was doing: "If you're not honest and aboveboard, you'll go flying through the air like a javelin."

Sulho Jaakkola of Uusimaa appealed to Vayrynen to refuse to accept the chairmanship "on behalf of the interests of the party."

To Vaananen's credit, it was suggested among other things that "she hardly beats her head against the wall like the current chairman does."

Virolainen Too Much the Boss

Vayrynen was also defended and many moved for the unanimous election of Vayrynen. Virolainen drew criticism too. He was accused of bossy behavior during the presidential election campaign. "Virolainen made a big mistake during the campaign."

In her refusal speech, Vaananen said that there had been "definite pressures" in the KEPU and that it was a good thing that they had been released.

After the election Vayrynen felt that all the pressures built up during the Turku and Kuopio party congresses had now been released, "but no one can say how peaceful things may be in the future."

#### Most Roses for Pekkala

During the discussion over the chairmanship, Finance Minister Ahti Pekkala, whose position the party's K-liners regarded as threatening, received the greatest praise. After the election Pekkala also received more roses than Vaananen and Tahkamaa together.

Pekkala was praised on Saturday as being a strong advocate of party ideals who represents a new kind of politician and as being a moderate and deliberative man with style in the field of development. "After Alkio, Pekkala is the only one who proclaims pure centrist ideals," Veikko Yliniitty of Pohjois-Pohjanmaa declared.

The choice of Heimo Linna was justified at the congress on the basis of the fact, among others, that the balance of power established during the Kuopio party congress, at which Virolainen was victorious, should be taken into account [in the composition of] the KEPU command. As for Hilikka Pietila, they wanted a courageous debater for the politicians' "gray guards." Tahkamaa was simply rated as a resolute man.

#### Virolainen Warmed Up the KEPU

The KEPU's Rovaniemi congress warmed up for the first time on Saturday when chairman Vayrynen openly thanked Virolainen for his tireless effort as a presidential candidate and Virolainen on his own behalf rose to thank the rank and file for their election effort.

They clapped loudly for Virolainen even as he was stepping up onto the rostrum and there was applause in the middle of his speech too, just the way there used to be. Virolainen really had to wait a little for them to stop.

Virolainen's running mate, Ahti Karjalainen, did not find time to get to Rovaniemi at all because he was so busy making preparations for a trip.

#### Center Cool to Nuclear Power

Helsinki HELSINGIN SANOMAT in Finnish 20 Jun 82 p 8

[Text] The KEPU still has negative reservations with regard to the procurement of a fifth nuclear power plant. In a vote taken Saturday, the party congress clearly parried younger members' firmly negative stand.

Through its decision the KEPU is following the line adopted 2 years ago in Turku whereby our country will not pledge itself to extend the production of nuclear power.

According to the position adopted Saturday, "given the present outlook, the KEPU does not feel that the procurement of a fifth nuclear power plant is necessary for Finland. The decision on a possible nuclear power plant must be made in Parliament."

Among others, chairman Paavo Vayrynen and Trade and Industry Minister Esko Ollila promoted the winning stand during the morning committee debate.

The younger members wanted a resolution whereby the KEPU would not support the procurement of a fifth nuclear power plant for Finland and discussion on the matter would if necessary be resumed at the next party congress.

The younger members' motion was denied in the committee by a vote of 20 to 10. Votes were not even counted in the big auditorium. In a straw vote the younger members' motion was clearly overturned by a sea of green slips in support of the committee's proposal.

The stand adopted Saturday is just as open to interpretation as the one that has been in effect for 2 years. In the opinion of the younger members, it rejects procurement of a new power plant to the extent of at least 95 percent, whereas, according to other interpretations, this stand leaves party leaders with an even freer hand than before.

According to chairman Paavo Vayrynen, a definitive stand is not necessarily involved. On the other hand, party secretary Seppo Kaariainen was a little firmer. Kaariainen said that it is definitively negative unless the outlook should change.

#### Alcohol Off Index

The KEPU would remove alcohol and tobacco from the index. In the evening the party congress unanimously passed the motion dealing with this. The effectiveness of the stand was, however, weakened by the fact that at that point most of the thousands of congress participants had already disappeared to take advantage of the many entertainment opportunities offered by the white night of Rovaniemi.

In a motion made by the Huisti local organization, it was proposed that the party administration take steps to see to it that the prices of all alcoholic beverages are removed from the food index.

The party administration's reply to the motion was that removing the prices of alcoholic beverages from the index may be an exceedingly difficult task. In the opinion of the party administration, the influence of the alcohol and tobacco indexes should, however, not be taken into account when making wage policy, pension or other similar decisions.

The party congress committee and the small number of congress delegates present did not have any regard for the party administration's opinion, instead going one better than the Huisti delegates' tobacco initiative.

## Campaign Against Mild Beer

On the other hand, the KEPU temperance wing's campaign against mild beer ended that evening in a partial surrender. Following the vote, a motion was passed in the committee whereby mild beer would be eliminated from bars and stores. Its sale would be permitted only in Alko [State Liquor Monopoly] stores and restaurants.

A motion made by the Rapakkojoki local would also apparently have been passed in the big auditorium, but they decided to send such a major principled issue to the party administration for more discussion.

In its reply to the motion, the party administration proposed that supervision over the sale of mild beer should be made more effective.

Altogether 260 initiatives were discussed, in connection with which they went into as many more other matters. Among other things, the party congress decided that the presidential term of office should not be limited. The idea of one evening without television was received with interest.

On Friday a change of rules was also approved, one which will enable the LKP to join the KEPU as a member organization. The resolution was received with polite applause

## With His Own Car

Foreign guests presented their greetings to the party congress. Vice Premier Roman Malinowski, the chairman of the Polish Farmers Party, extended greetings on behalf of the party. He came to Rovaniemi with his own big jet car which was waiting for him at Rovaniemi Airport. A parlor car from Helsinki was good enough for the Bulgarian guests.

That evening they were still supposed to approve the party platform. On Sunday the drafting of the political public statement is on the agenda, among other items. During the day the KEPU will march down the streets of Rovaniemi and hold a party festival.

## Dissatisfaction with Vayrynen Remains

Helsinki HELSINGIN SANOMAT in Finnish 21 Jun 82 p 11

[Article by Kalle Heiskanen: "The New Paavo's Difficult Years"]

[Text] An exciting 2 years lie before the KEPU and chairman Paavo Vayrynen. Despite the latest 19.7-percent support rating, the KEPU cannot be sure of victory in the coming parliamentary elections. Paavo Vayrynen will have to worry about whether a challenger will arise in 2 years time for the next party congress, to be held in Savonlinna.

The KEPU is like an uncertain housewife walking down a fenced-off path who does not know whether to turn to the left or to the right. Paavo, the man of the

house, is trying to solve the problem by demanding of the Social Democrats and the Conservative Party a clarification of where those parties stand in relation to the center. The one that is closer to the center may get into the government along with the KEPU after the elections.

The next few months will show whether chairmen Kalevi Sorsa (Social Democrat) and Ilkka Suominen (Conservative Party) will agree to a centrist singing contest.

KEPU leaders seem to firmly believe that their strength will be increased by the Liberals during the parliamentary elections, which will be held next March at the latest. It is, however, not a certainty that  $19.7 + 2.2$  (support for the KEPU and the LKP according to the latest opinion polls) equals 21.9. Party congress participants, who have put a stop to the LKP's own idle talk, predict that the Liberals' contribution to the KEPU may be very small.

### Pallid Congress

In Rovaniemi the only wheezing typical of the KEPU was during the elections for chairman. The KEPU tried to present its own response to the pressure coming from the Right and the Left at the peaceful and pallid congress. However, the KEPU will not achieve the same kind of landslide with its eight-point program that the Social Democrats produced with their own program in the 1966 elections.

The discussion of the platform Saturday evening demonstrated that the time for party platforms in politics is at least for the time being over. The congress delegates were caught up in the whirl of the accompanying white night programs with their restaurant evenings and Maija Lokka concerts and only a handful of congress delegates remained behind to discuss the carefully prepared first platform.

Illustrative of this was the fact that not even chairman Vayrynen or party secretary Seppo Kaariainen was present.

Kaariainen's defense, that nearly 200 delegates took the floor to discuss the platform in the committee in the morning, is a lame one. There are 39 delegates on the committee and almost 3,000 official participants at the congress.

We must indeed remember that nearly 1,000 study circles, which protected by government aid discuss KEPU principles, were established for discussion of the platform by the rank and file.

The KEPU is trying to look for a way to win the election through practical politics. The first attractive opportunity will be in connection with the discussion of the budget early this fall. The KEPU will set out for the budget negotiations with firmer demands than they have made in a long time now. The party is no longer saddled with the heavy burden of a presidential party that has to try to keep the government on its feet.

The political future of Paavo Vayrynen, who has somewhat rid himself of his earlier tenseness due to mistrust, aside from also reforming the entire party, will depend on the final result of the parliamentary elections.

Vayrynen's first term was full of setbacks. On the other hand, that term with its presidential elections was so exceptional that not a single young party leader would want to have to face the likes of such challenges during his next term.

If the elections go badly for him and Vayrynen's second term progresses as depressingly as the first, Vayrynen may fly through the air like a javelin in Savonlinna, just as he was threatened would happen at the congress.

Right now only a few people in the KEPU are fully satisfied with Vayrynen, even though he was unanimously reelected. Some of his former supporters charge him with preferring to work with a small staff. In the opinion of younger members, Paavo is turning into a calcified old man who sells ideas and ideals. The so-called Virolainen camp has threatened to start to look for a "new Jussi [i.e., Johannes (Virolainen)]" today, Monday.

The arguments raised in the Virolainen camp are to be sure to some extent lame: Paavo will never learn to speak as enthusiastically as Jussi. They had even asked Johannes Virolainen to step into the ring against Vayrynen in Rovaniemi, but the old statesman flatly refused.

Tragicomic is the fact that the new Paavo, who way back when used to accumulate long evening parties, has lost his former supporters because of his cleaner life style. His old buddies complain that Paavo cannot "rokalehtia" (have a perfectly good time in a civilized way).

Esko Ollila, on the other hand, can. The name of the current trade and industry minister, whose reputation has zoomed with his abandonment of the old men of the state enterprises, often crops up in talks when they are considering a possible candidate to run against Vayrynen 2 years from now. Whether Ollila will ever fully devote himself to politics, and against his friend to boot, is quite another matter.

#### Paper Views Meaning of Congresses

Helsinki HELSINGIN SANOMAT in Finnish 22 Jun 82 p 2

[Editorial: "Already a Feeling of Exuberance in the Tone of Voice of an Integrating KEPU"]

[Text] Some parties held their important congresses at the end of last week. Some of them also approved resolutions which will widely affect our political life for a long time to come.

The KEPU and LKP congresses, which had most in common with one another, also naturally aroused the most interest in people. The LKP decided to join the

KEPU as a member organization, which is why the latter made the necessary changes in its rules and decided to accept the newcomer.

Of course, the KEPU had no problems of any kind in connection with this. In general, parties make an effort to increase their strength and power to influence one another in their various activities and even a small achievement in this area is usually cause for rejoicing. A merger with another suitable party would without a doubt be an increase in strength which any party whatsoever would welcome.

The decision was not a painless one for the LKP, but it was a dictate of political reality. While liberalism as an ideology is scarcely dying out, the LKP was incapable of credibly enough waving its banner, which is historically worthy but somewhat faded for its supporters. The LKP has shrunk from one election to the next with some of its supporters slinking off to other parties. An election system that discriminates against small parties has accelerated this unfortunate development.

In principle, this marriage with a bigger party will now help to keep the LKP alive. The decisive factor will be how voters react to this event. This, on the other hand, will largely depend on the extent to which the party is able to express its liberal views inside the other party. With its new chairman will it be able to imbue centrist policy, whose concept as such is still to a certain extent unclear, with any kind of visible cachet? If it is able to accomplish this, it will also mean changes in KEPU policy.

The party congress was also prepared as a turning point for the KEPU in the expectation of the advancement of the party and in part too of changes accompanied by a new platform. The KEPU is getting its platform as well as the participation of the LKP, and new, utilizable strength and new faith, judging from the promising figures produced by the opinion polls. And it needs them too in its efforts to emphasize the need for a political center and to avoid the dangers of the evolution of a polarized political sector.

The KEPU's effort to make itself prominent — after getting itself out of the position of "a presidential party" — was stepped up at the party congress, even to the point of exuberance. The congress approved the so-called eight-point program and the resolution whereby the party's participation in the responsibilities of government after the parliamentary elections will decisively depend on the extent to which the government that is formed commits itself to carrying out the KEPU's eight-point program.

It was apparently hard for the party congress to also approve the demand for a postelection basis for governing. According to the KEPU, the present basis will be extended to the Right, but if this does not succeed the party is ready to enter into a KEPU-Conservative Party coalition government, "assuming that the government is centrist leaning and will carry out centrist policy."

Thus the KEPU has now clearly opened the door to the government to the Conservative Party. But it has at the same time laid the burden on the shoulders of the Social Democrats, namely, to decide whether an SDP-KEPU-Conservative Party

coalition government will come into being after the elections. In principle, this would not be a bad alternative in order to get a petrified parliamentary system to be more resilient. The mainstay of the basis for governing ought to lie in cooperation between the SDP and the KEPU, cooperation which is alternately complemented from the Left or the Right. Then too, the political opposition would be clear enough in terms of its size.

The debate over a postelection government is, of course, at this point premature, but to a certain extent dictated by the need for it. The next parliamentary elections seem to be shaping up into a real power struggle. They are also of particular importance to a now somewhat integrated KEPU and its chairman, who has been unanimously elected this time.

#### Parties' Parliamentary Groups Merge

Helsinki UUSI SUOMI in Finnish 23 Jun 82 p 6

[Text] The LKP parliamentary delegation has merged with the KEPU delegation. The merger between the KEPU and the LKP, which was effected at the end of the week, was confirmed at the beginning of the plenary session in Parliament on Tuesday. The four-member LKP delegation's merger with the KEPU delegation raises the latter's number of seats to 41 and lowers the number of parliamentary delegations to seven.

The KEPU delegation, whose strength was thus increased, also held an organization meeting on Tuesday. The Liberals got to be represented in the delegation leadership when Anneli Kivitie was elected third vice chairperson of the delegation.

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## SVAVAR GESTSSON VIEWS PEOPLE'S ALLIANCE ELECTION RESULTS

Reykjavik MORGUNBLADID in Icelandic 9 Jun 82 p 7

[Commentary by Staksteinar: "Svavar Gestsson Rebukes Party Faithful in Reykjavik Region"]

[Text] At a meeting of the Central Committee of the People's Alliance, Svavar Gestsson, party chairman, advanced the view that in the regional elections the People's Alliance "was not defeated so greatly where a real effort was made...except in Reykjavik and Akureyri where female candidates had a strong impact on the outcome." Two things are noteworthy in this statement:

1. The People's Alliance suffered its heaviest losses in the Reykjavik region. With these words the party chairman has blamed the party following in the region for poor effort and says nothing to the voters about the party platform with regard to the Helguvik oil facility, the new airfield or the Straumsvik aluminum reservation.
2. Elsewhere the party chairman says that the losses in Reykjavik and Akureyri were not due to the Party faithful but rather to the female vote there. What lame excuses.

"The Battlelines of the People's Alliance Are Firm"

At the Central Committee meeting, Svavar Gestsson, chairman of the People's Alliance Party and minister, reviewed the election, how People's Alliance candidates in the regional elections had come to lay in the dustheaps, outside government, and said: "The battlelines of the People's Alliance are firm--not destroyed--and ready for battle." "He emphasized," says THJODVILJINN in an editorial today, "that efforts to achieve unity around the People's Alliance and to prepare for the political day of reckoning which will come during the next Althing election will continue."

Looking at the results of the election, the party chairman had the following to say, according to THJODVILJINN: "Svavar Gestsson said, among other

things, that we can't let up as if there were not problems (indeed?) since the fish catch has fallen considerably and the Icelandic monetary system will soon be on the rocks if nothing is done." Indeed, such is the state in Iceland after the 3-year rule of the People's Alliance, but "the battlelines are firm" although the party is on the decline and voters are being lost in outlying areas.

#### Ten Percent Less than the Socialist Party in 1946

Svavar Gestsson is not just the chairman of the People's Alliance and "head chieftain" for the party in the election battle but also, in terms of the nation as a whole, a capital weathervane.

The Socialist Party, the precursors of the People's Alliance, received 29.75 percent of the vote in Reykjavik during the 1946 regional elections. The People's Alliance, on the other hand, received only 19 percent of the vote in the elections of 22 May, nearly 11 percent less support. Things turn out differently when the "battlelines are firm" in the hands of Svavar Gestsson.

And after "head chieftain" of the People's Alliance Party Gestsson has guided his party to total defeat he attributes it to "female candidates" who "had a major impact in the Reykjavik region." "It's good to have a scapegoat," the proverb says. It would be a good thing for the female candidates to send the chairman of the People's Alliance a fine mirror (one that magnifies), so that he might see one of the major reasons that the People's Alliance is where it is.

#### Housing Policy of the People's Alliance

Once upon a time there was agreement that wage taxes (now 3.5 percent of wages paid, paid by the employer from wages) were a major income source for the Construction Fund (of the Public Loan System), the major source of loan money for residential construction. Since the People's Alliance and Svavar Gestsson, its minister of housing, has taken control in this area things have changed to the extent that wage taxes now pass by the Construction Fund and go directly into the treasury under Minister of Finance Ragnar Arnalds. According to the figures of the National Statistical Office (contained in the State of the Nation Report) housing construction fell by 10 percent in 1981 and there has been a gradual decline in this area since 1978, when the leftist government was formed.

The result of this government's administration is, first and foremost, the number of homeowners has increased much more slowly than was the case, for example, during 1974-1978. This means likewise that the demand for rental housing has increased far beyond supply. As a result there has been a major increase in rents. The People's Alliance has thus had a negative impact upon those who least deserve it, the renters. Progressives say that rents will have to be "reduced," to be sure, like other living costs in Iceland. The voters have "reduced" the following of the People's Alliance. Is it not time to subject the Progressives to the same process?

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## PAPER VIEWS ELECTION OUTCOME IN LIGHT OF BASE ISSUE

Reykjavik MORGUNBLADID in Icelandic 8 Jun 82 p 28

[Editorial: "The Airfield in Light of the Helguvik and Aluminum Smeltery Issues"]

[Text] The People's Alliance suffered major losses in the city and local elections in Reykjavik region. It lost a total of five delegates and is no longer represented in the local governments of Grindavik and Njardvik. The People's Alliance lost 4 percent of its support in Kopavogur, around 6 percent in Gardabaer, 2.4 percent in Hafnarfjordur, around 5 percent in Keflavik, 4 percent in Njardvik and nearly 60 percent in Grindavik. What caused this great loss of support? Why has the decision in the Reykjavik region suggested that Geir Gunnarsson, People's Alliance Althing delegate, will not be reelected in the next elections to the Althing?

Two major People's Alliance campaign issues had a great impact in the Reykjavik region. On the one hand, the party has made a major issue of the proposals to build a new oil storage facility at the military base in Helguvik. Further, it has pointed the finger at the Straumsvik aluminum reservation and its owner, Alusuisse. If these two issues were popular it would have been clear, assuredly, in the Reykjavik region. On the contrary, however, the People's Alliance lost support there. Another issue that might be mentioned in this context is the proposal to build a new commercial airfield at the Keflavik strip. The People's Alliance has been totally opposed to this in the government and Progressive and other ministers have allowed the communists veto power over the airfield.

The Helguvik and aluminum policies of the People's Alliance were absolutely rejected by the voters in the city and local elections. It is completely clear that it is far more urgent for Iceland to build a new airfield at the Keflavik facility than to create a new oil installation for the Helguvik garrison. The situation on the new airfield is as follows: The \$20 million allotted by the U.S. Congress will be lost on 1 October this year if the first steps to build the field have not been taken before that time.

Progressives in the government have let themselves be blackmailed by the communists in many areas--the airfield issue among others. The voters will have an opportunity to judge the government's actions in this area during

the next Althing election. The Progressives improved their position in the city and rural elections in the Reykjavik region only. However, Johann Einvardsson, Progressive Althing representative from the region, will not be in the same danger as Geir Gunnarsson if things go forward as they are expected to on the airfield issue. A government committee chaired by Johann Einvardsson is working toward this end.

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OBSERVER: ELECTION LOSSES INCREASE TENSION IN MARXIST PARTY

Reykjavik MORGUNBLADID in Icelandic 8 Jun 82 p 7

[Commentary by Staksteinar: "A Loosening of Party Bonds in the People's Alliance"]

[Text] In addition to its own constituency, the People's Alliance has sought a following from among various kinds of discontented groups, groups that have little in common other than national grumbling. The government party of the People's Alliance and actions of People's Alliance ministers on key issues have driven these intractably discontented groups out of the party. That is the case, in particular, with several special groupings on the left fringe of the party. They are now talking about "Althing machinations" and "ministerial socialism" and have demanded "rejection of People's Alliance leadership" over the leftwing of Icelandic politics.

"An Incompetent Leadership Party"

An editorial of VERKALUDSBLAD (11, No 5), issued by the Union of Communists, says, among other things:

"Regional elections are now past and the ruling class has made gains. The returns are translated into noteworthy gains of support by the conservatives and a loss of support for the people's parties, the People's Alliance in particular.

"It is wise, after the elections, to take a look at the excuses of the People's Alliance leadership for the loss of support. It is blamed on everything except the policy and record of the party. Since 1978, its following has been erratic. It gained some from the Feminist Candidature, much to its benefit, but clearly most of the following gained came from the Social Democrats and former supporters of the Union of Liberals and Leftists.

"The regional elections were, in spite of the ravings of the leaders of the People's Alliance and of THJODVILJINN, still one more indication to

leftists that the People's Alliance is incompetent to lead the Icelandic socialist movement.

"All genuine socialists and communists must reject the People's Alliance leadership of their movement. Our task is clear, to build up a firmly based democratic communist movement that rejects Althing machinations and ministerial socialism and travels the road of the masses to its goal. It is to be hoped that the outcome of the recently concluded elections will bring home the truth of this need."

#### "Elections Within a Year"

Throstur Olafsson, a special wages expert for the Ministry of Finance and member of the People's Alliance, said the following in an interview with HELGARPOSTINN: "Everything is in turmoil, to be sure. Inflation is seething, labor is engaged in a civil war--I don't see things getting any better."

After having summed up the situation since the People's Alliance became part of the government, Olafsson continued:

"I believe an election will be called within a year. I am not saying, however, that it will be called by the People's Alliance. We are always ready for elections, ready for the struggle, if such is called for. As far as the government is concerned, I do not believe it will remain in office until its mandate runs out on 1 December 1983. That is due to strictly practical considerations--if for no other reason difficulty of communications in the winter. Icelandic politics are highly unstable so that it makes no sense to make pronouncements on the life of the government.

"Various opinions are advanced about the government but it is none the less clear that the People's Alliance is preparing for an election sooner or later."

#### "Confusion and Difficulty in the Economy"

What tells more about the civil war within the labor movement than the People's Alliance wage specialist is what TIMARIT editor Thorarinn said in an editorial last Friday:

"Class struggle is not out of the picture at all. There are now new class struggles which are no less threatening for a healthy economy and labor peace than the old class struggle between wage earners and wage payers.

"The class struggle is now within the Wage Earners Association, between its various class groups which consider themselves allied but do not act so in practice. Each group strives to feather its own nest as well as it can and get ahead of others in wage points. And if one group succeeds in breaking out of the pack with strikes or boycotts all the others rush to follow. The result is a general wage creep, equally intolerable for the professions and for the state.

"If things go on as they are now all that can come from this new class struggle will be not only total confusion and economic difficulties but a sharp wage cut. This will be inevitable if, because Icelandic business is no longer competitive with foreign competitors, business comes more or less to a halt.

"For the time being this may be put off by a gradual decline in the exchange rate or a major reduction in the exchange rate for a 3-month period. But longer than that the method will not work."

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## MODERATE CHIEF ADELSON SETS OUT ELECTION CAMPAIGN STANDS

Stockholm DAGENS NYHETER in Swedish 25 Jun 82 p 6

[Article by Magdalena Ribbing]

[Text] "Isn't it beautiful?" Conservative Party leader Ulf Adelsohn said as he pointed with what seemed to be genuine rapture at the Swedish flags waving in the breeze. He was especially enthusiastic when the flag waved by a fertile field or over a red country cottage. Ulf Adelsohn loves nature and knows much about it.

According to Ulf Adelsohn himself, he learned about forests and soil when he was commissioner of streets and commissioner of finances in Stockholm.

"The problems of thinning and spraying should not be confused," he said prudently at the forestry school in Sjoarp. "Where thinning is needed today, spraying was needed long ago."

The Conservative Party leader was visiting his supporters out in the provinces. On this beautiful sunny June day, Ulf Adelsohn was in Blekinge keeping a tight schedule beginning with the flight from Bromma which landed in at Kallinge Airport at 10 o'clock.

The local radio was on the scene interviewing him. The reporter asked him what he would do specifically for Blekinge and Ulf Adelsohn answered politely without saying anything.

"I wanted to answer the obligatory question by saying that I was coming to distribute a sack of gold among the voters," he said later.

## Joking Prohibited

As Conservative Party leader, however, joking is not permitted. Ulf Adelsohn found this out the hard way. During a live call-in session later that day he had to apologize once again, as well as he could, for his statement indicating that construction workers often took Friday afternoons off.

"I did not say that," he told the construction worker who called in. "I said

there were many people who did not work on Fridays, including some in the construction industry."

You could tell he had been through this explanation many times.

Blekinge is almost the final stop on Ulf Adelsohn's grand tour. His appearance had been planned since February and local Conservative Party officials had looked forward to it with great anticipation.

#### A Difficult Province

It is a difficult province for the Conservative Party. It is the only "red" province in southern Sweden, a province with high unemployment and practically nothing but affiliates of companies based elsewhere. It also is a depopulated region.

When Ulf Adelsohn visits an industrial plant, an integral part of all political trips, he does not visit a company in financial difficulties, but the pride of the local community, the Lyckeaborg plant which produces conduit entries with great success. The workers, about 90 in all, had gone home because the working day was over and managing director John-Erik Blomqvist spoke knowledgeably about the company. It turns over 13 million kronor and has a net worth of 2 million. Ulf Adelsohn responded immediately:

"Would the plant go under if wage-earner funds were established?"

"No, I would not say that," the managing director said. "But we would suffer, of course."

Without hesitation the managing director said what he would not dare say elsewhere, that the company has representatives throughout the world--including in South Africa.

Ulf Adelsohn chuckled when the director said that the Social Democratic governments had taught people to live on subsidies. His laugh ended abruptly when the director completed his sentence:

"And the nonsocialist governments have taught businesses to live on subsidies."

#### Miserable Funds

But the funds--the primary political cudgel of the nonsocialist parties during the campaign--had to be discussed. Ulf Adelsohn speaks of them as much as possible and he usually remembers to call them "labor-union funds" which sounds worse than wage-earner funds. He forgets only on rare occasions.

"These miserable funds," he sighed, returning to his main argument:

"All other political issues may be debated, but the funds do not belong in our

political system. Each day it becomes more inexplicable that the Social Democrats stick to them. Now we will defeat the Social Democrats for the third consecutive time with the help of those funds."

The fund issue will be more political dynamite in the campaign than anyone believed, according to Ulf Adelsohn.

The Social Democrats are our main opponents in the election, the Conservative Party leader has said again and again. His opinions differ from those of the Social Democrats on most issues including taxes, business policies, childcare, and housing, but he speaks mostly of the wage-earner funds.

"With the labor-union funds, Sweden would be run by the labor unions," he said in a speech late in the evening. "Then we would have a state in which only one opinion could be presented."

#### Individual Savings

Swedish business does not need any funds, according to Ulf Adelsohn. Instead, we must invest in companies that are doing well, using individual savings. "We Swedes can take care of ourselves," he said and pointed out that we spend 3 billion kronor each year on candy, 1 billion on ice cream, 6 billion on tobacco, 10 billion on wine and spirits, and 5 billion each year on lotteries.

"Think about that," Ulf Adelsohn said.

While in Blekinge, he visited Karlsnasgarden, home of the Ronneby Orienteering Club.

He asked about the orienteering club's budget and, as an old city commissioner, he joked about dividing up the membership into small groups in order to receive more support from the local government.

"Would you buy Korsnasgarden if you could," he asked the club president. "So you tried already? And you could not? For ideological reasons? What kind of majority do you have in the local government?"

"Sports should take care of their own affairs," Ulf Adelsohn said. "There is nothing complicated about it. It is best if the clubs take care of themselves. Then they would be well run. It is typical that the club was not permitted to buy its own land. Everything must be publicly owned," he said.

It is clear that Ulf Adelsohn is interested almost like a king in days of old, in the people he meets and in what he can learn from them. He likes to say this, too.

#### Changed Style

"You are almost put to shame when you meet the local people and learn so much from their wide experience. It is almost the greatest pleasure of this job, meeting people."

He has changed his style slightly, toned down the Stockholm arrogance and the liveliness, but he still is quick to take offence, becomes irritated when misunderstood, and likes to tell people off.

Is he feeling more at home as party leader?

"I did not expect it to be easy," he said. "But no one could know in advance how difficult it would be. There are not many people in this profession."

But Ulf Adelsohn obviously likes his job. He often points out that he is used to responsibility and getting things done. He holds this responsibility for the Conservative Party, but this goes unnoticed by the mass media, according to Adelsohn. They only see the appearances and interviews.

The post of prime minister is an example a job in which one must get things done all the time, according to Adelsohn.

Does he want to become prime minister?

Dumb question.

What should he say? It must be the goal of every party leader, otherwise it would constitute a breach of duty. Adelsohn avoided a direct answer. He did not want to appear as a pretender to the throne already.

"It is a realistic possibility, however," he said in answer to the question. "We have two primary objectives: to keep the nonsocialist majority, which is more important than ever now that we are threatened by these funds, and to gain as much support as possible for the Conservative Party in the elections."

How difficult was--and is--it to take over after Gosta Bohman?

"I am not Gosta Bohman," he said, "and we are not Siamese twins. But I believe some day I will be able to control a debate, as he can. I have the ability to speak in public and talk to people."

Cooperation

Within the Conservative Party and within the nonsocialist block, there is less of a split now than before, according to Ulf Adelsohn. There will be no joint nonsocialist platform, but the taxation issue which is the main question separating the Conservative Party from the Center and Liberal Parties is no insurmountable obstacle to cooperation, according to him.

Gasofjarden, where the nuclear-armed Soviet submarine went aground last fall, was another stop in Blekinge for Ulf Adelsohn. The Conservative Party leader and his entourage ventured out on a naval vessel in the incredible afternoon sun.

"Was it so far in?" Ulf Adelsohn asked and he became indignant. "It helps to see the site of the incident. You get a different geographic feel for it and you are angered. It is terrible. Sweden simply wants to live in peace and

they come here! In that way!"

Later questions concerning the submarine affair are asked during the call-in session on local radio.

"My overall philosophy is that democracies do not start major wars," Ulf Adelsohn said. "The threat to world peace is from the large, strong dictatorships."

#### Pleasant Surprise

The Conservative Party leader made his last appearance in the small concert hall in Karlskrona rented for the occasion by the local party organization. The hall was almost filled, despite the beautiful weather. "Surprising," Ulf Adelsohn said happily.

In white summer clothing, local Karlskrona musicians played cheerful melodies before Ulf Adelsohn climbed up to the podium, preceded by two Young Conservatives with Swedish flags. They would flank the Conservative Party leader during his entire speech and the audience stood up out of respect to the national symbol.

Ulf Adelsohn spoke quickly and without stopping of peace and democracy and more defense. He received occasional applause for his attack against the Social Democrats.

After 45 minutes, a shorter time than Gosta Bohman used to take, Ulf Adelsohn received the final exultant applause and rushed to the car waiting to take him to Kallinge Airport for the journey home.

#### "A Little Silly"

"A fine day," he said in the car. "The audience was nice too, a normal audience."

But he said he felt "a little silly" as he received the tumultuous applause from the conservative audience. It is nice when the audience thanks you for the speech, however, he admitted:

"This is always the case. We are so polite in Sweden."

He said he was in close contact with Gosta Bohman, who has not forgotten what it is like to be a new party leader. The routine developed by Bohman is invaluable, according to Ulf Adelsohn. He also meets with his predecessors Jarl Hjalmarson and Gunnar Heckscher, but he always turns to Gosta Bohman when he has difficulties speaking on the issues, he said.

"Our political opponents are interested in portraying me as wavering, unlike who led his party with a firm hand (he insisted on that expression) and who was a fine fellow. When Gosta became successful he was treated more favorably

by his opponents and I must hope for the same." ,

Now Ulf Adelsohn is on summer vacation. He does not want to be disturbed. He is not looking forward to his first speech as party leader in Almedalen on Gotland. It will disrupt his vacation and a 6-week election campaign is enough, he believes.

"There may be a nonsocialist majority after the election," he said. "I believe there has been a significant change in recent time."

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## BRIEFS

AMMUNITION, UNIFORMS LACKING IF MOBILIZATION--The soldiers of Denmark would look peculiar if there were a general mobilization today. There is a shortage of uniforms, according to TT/RB. After 1 January 1984, however, the army believes it will be able to go to war in regular uniforms, although it is not certain that the soldiers will have anything to shoot with. Lieutenant General G. K. Christensen, chief of the Defense Staff, said that uniforms and other individual items of equipment would be purchased for 28 million kronor during the next 2 years. The general stepped in when head of the North Jutland Military District Colonel E. Larsen said that the situation at the mobilization depots was becoming worse and worse. There were shortages of ammunition, field rations, and vehicles. By the end of next year the Danish army will look ready for active service, but that is all. So far, there is no money for bullets. Uniforms first--that is important for the morale of the men, according to General Christensen. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 23 Jun 82 p 1] 9336

CSO: 3109/195

## PERSONNEL STRENGTH, FINANCIAL PROBLEMS OF BUNDESWEHR

Zurich NEUE ZUERCHER ZEITUNG in German 18,19 Jul 82 p 6

[Article by Ch.M., datelined Bonn, July: "Bottlenecks of German Defense Planning"]

[Text] A quarter century after its establishment the German Bundeswehr finds itself confronted in the 1980's by enormous bottlenecks, both in terms of manpower and finance. Its combat readiness as well as its status in the FRG's social structure may well be affected thereby. A "long-term commission" examined mainly the personnel problems in more than 1 year's work on behalf of the defense ministry. These problems arise from the fact that, from 1987 on and due to the "pill break" in the demographic development, not enough conscripts will be available to maintain in present conditions the strength of the armed forces at a total of 495,000 men.

The commission's report was contested even before publication. It is largely confined to descriptive recommendations and lacks almost any cost forecasts, nor does it represent a matured planning program for the "Bundeswehr 2000." Though the decline in the birthrate will provide a sufficiently dramatic need for revising defense planning by the mid-1980's, it was objected that the long-term study tended to unduly concentrate on the lack of personnel--something less controversial in party political terms--instead of clearly explaining the consequences of the equally shrinking readiness to make available the financial resources required for the maintenance of the extent, equipment and adaptability of the Bundeswehr to the rising external threat. In any case, both these factors--manpower and money shortage--increasingly compel minimum concepts, just about enough to be justifiable in terms of defense politics.

## Extension of the Duration of Conscription and Female Soldiers

Already official sources have described the diagram of conscripts available from 1980-1997 as a "horrific curve." The annual total requirement, including the necessary replacements for the police, the federal frontier police, civil defense and the development service, amounts to 252,000. While almost 290,000 men will be available in 1983, the curve drops sharply after that: From mid-1987 it will no longer be possible to meet requirements. By the early 1990's the gap will have grown to 100,000 men, and--according to current criteria--only about 140,000 conscripts will be available in 1994. In fact a conscript deficit may turn up already before even the mid-1980's if the steadily increasing trend to conscientious objection continues: In 1980 54,000 potential conscripts registered as conscientious objectors, in other

words almost 25 percent of the annual manpower needs, 20 percent more than in the previous year. In 1981 58,051 young men submitted the appropriate applications. At the present time roughly 80 percent of applications are approved, so that about 20 percent of potential conscripts per annum do not serve in the armed forces for the sake of conscience. Among last year's applicants were 52 percent secondary school graduates, 6 percent technical school graduates and 22 percent middle school graduates; only 20 percent had completed no more than elementary school. Already critics complaining of the "learnability of conscience" have diagnosed the presence of an "elementary school army." They point out that more than half the approved conscientious objectors originate from a population stratum that accounts for less than 10 percent of the total but holds disproportionate importance due to its background and educational standards. At the present time conscripts serve 15 months; alternative service runs for 18 months, but by no means all objectors need to engage in it.

The main result of the earlier long-term planning has been the appreciation that no single measure, let alone one purely Bundeswehr internal, will be able to narrow the manpower gap. A review of the fitness classifications, stricter criteria for indispensability and the call-up of married men and fathers will at best offer some help. Even if conscientious objections were to be more strictly scrutinized, no wholesale abandonment of the rights hitherto admitted could be considered due to politico-ethical reasons arising from the legacy of the past and the postwar political development of the FRG. The commission therefore recommends a collection of measures--themselves pregnant with many problems--that promise relief only if adopted as a package. They include the extension of basic conscription by 3 months to a total of 18 months soon and to 24 months in the 1990's. The legislative amendment needed would have to be enacted in 1984 for the first extension. However, this extension would obviate only about one third of the deficit. The commission therefore suggests a tightening of the fitness criteria that now sideline 58 percent of any potential conscripts. At the same time it proposes the recruitment of more volunteers (at a cost of approximately DM1.2 billion), including--for the first time--up to 30,000 women, the recruitment of 20,000 young aliens born in the FRG and eligible for citizenship, as well as the gradual increase in regular enlistments from about 251,000 now to 264,000 men in 1988. In addition to 63 staff medics, the Bundeswehr already counts 47,000 women but so far they have all been civilian employees. According to article 12a of the constitution women may in no case be part of the army on active service. The unhappy memory of the female air force and anti-aircraft aides is bound even now to heat up the discussion of this "violated taboo," even if no armed service (as has become quite common in many other armed forces) is contemplated for women in the FRG.

#### 'Army in Training' Without Money?

According to the long-term study the air force and the navy could cope with a decline in manpower by 15,000 men, provided the possible proper savings measures are adopted. In that case it would not even be necessary to alter the present operational principles of alliance-integrated advance defense given advance warning of 2-3 days. A 10 percent drop, however, would come close indeed to this threshold. And should a 20 percent drop occur--still leaving manpower costs at the present level--merely an "army in training," incapable of handling either advance defense

or acting as a deterrent--would be at the side of a uniquely combat ready American Seventh Army, and this could have very serious consequences for the level of the nuclear threshold of a "flexible response." The commission recommends early additional spending on the development of manpower saving arms and devices. This in turn indicates that a smaller army may well turn out to be a more expensive army. To halt this trend it will be necessary at last to bid goodbye to ultra sophisticated equipment, prestigious carrier systems or gigantic "all-round modernization" every 15 years. Even in the 1970's the Bundeswehr optimistically planned for DM60 billion in the long term, with the result that it is now faced with financial deficits amounting to more than DM1 billion. The cuts required in these cases tend to have the quite untenable result that a modern weapons system is handed to the army without being fully complete and is then plagued by bugs, possibly for years. Examples are the Leopard 2 that lacked important elements of telecommunication equipment, the Roland anti-aircraft tank that missed a complete control system, the Tornado that lacks a MW-1 precision weapons system at the present time (it is to get some though not enough next year) and, in the foreseeable future will not have any medium-range stand-off missile.

The political intent has been proclaimed of obviating such not always well known weaknesses that include, moreover, the all-pervasive problem of often insufficient stocks of ammunition and spare parts in the case of actual armed conflict. However, good intentions are not enough. True, defense spending rose by 2.8 percent annually in real terms all through the past decade--and this seems satisfactory in the NATO context. Another trend, though, more clearly indicates the causes of the current financial difficulties: In the 20 years since 1961 the defense budget lost a third of its share in the total budget, declining from 27 percent to 18 percent. At that figure it is--at best--to be "stabilized" in the coming years. Of course it is not necessary to stamp an army from the ground as was the case at the beginning of the period of comparison. Still, it seems that a kind of political "taboo" has developed in the appraisal of the "normal" dimensions of a defense budget at times of lessened tension. And this may have the result that, in conjunction with the military and financial consequences of the "lill break," these political concepts cannot cope with the realities without damaging the combat readiness of the Bundeswehr.

#### Aging Officer Surplus--Lack of Noncommissioned Officers

The Bundeswehr is plagued with manpower problems even before the descent to the "horrific curve." The chief problem is the deficit of almost 20,000 noncommissioned officers (albeit this deficit was reduced by a third in the past 10 years). Also, due to the necessarily urgent enlistment of young professional officers from a small overall class at the beginning of the Bundeswehr, it now suffers from a lopsided age structure among its staff officer corps which tends to remain stuck in an deployment and promotion logjam and is getting too old. This trend affects the army most of all. 26,000 more professional officers are in the service than there are staff positions from majors to colonels. Ten years ago a captain was promoted to major at the age of 32; now he is at least 36 before such a promotion occurs. Unless something is done, nobody will be promoted to major before age 39. There are hardly any battalion commanders in the rank of lieutenant colonel, who are less than 42. At this time almost 6,000 professional soldiers in the Bundeswehr are awaiting promotions long overdue in terms of seniority. When officers head a company for 10 or more years, their employability narrows. Vitality and motivation

decline correspondingly. The officer corps may be experienced: By comparison with other allies it often seems simply older and paunchier--apparently the fate of a royal Prussian garrison army.

An even more serious problem is the lack of long serving and experienced sergeants. This lack adversely affects the appropriate training of conscripts. Admittedly, more men enlisted for 2 years in 1981. However, volunteers willing to enlist for longer periods are still scarce, so that the quantitative and qualitative shortage of junior leaders damages the credibility as well as the attraction of training. The consequence may often be lack of motivation and time wasting, a state of affairs that tends quickly to spread and is certain not to result in greater "defense willingness" or lower conscientious objector figures. At the same time, though, the shortage of noncommissioned officers is not evenly distributed. Samples taken at the 10th tank division in southern Germany (the worst affected) serve to illustrate this maldistribution. In the tank battalion No 304 in Heidenheim, a purely farming region with the Bundeswehr as the chief employer, 132 of 133 sergeant slots are filled, while the tank battalion No 284 in Dornstadt suffers an "average" 20 percent shortage due to the direct vicinity of the city of Ulm.

From the perspective of the fighting forces another manpower phenomenon must be recorded that may well affect the long-term structure of the German army: A trend to immobility among younger officers who, in order to avoid transfers, sometimes refuse promotions because their wives (who often work as teachers) would have trouble in getting a job in another Land due to the differences in educational requirements. In large as in small matters, from demography to the modern appreciation of marital role distribution, defense planning is getting to be more and more of a hornets nest.

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## BRIEFS

FURTHER FUNDS CUTS STUDIED--A study will be made to examine the possibility of further cutbacks by central defense agencies during the 1990's. These agencies already must reduce their expenditures by 23 percent during the next 10-year period, but the government believes that further cutbacks will be necessary during the nineties. Proposals for such cutbacks should be complete in the mid-eighties, according to the government. At the cabinet meeting on Thursday the government also decided to create a coordinating committee within the Defense Ministry. It will follow up and coordinate cutbacks already decided on within the military's peacetime organization. A total of 6,000 jobs will be eliminated within the military during the next 10 years. [Text] [Stockholm DAGENS NYHETER in Swedish 29 Jun 82 p 6] 9336

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## NORWAY'S POLAR AFFAIRS EXPERT SEES NEED FOR ANTARCTICA PACT

Oslo AFTENPOSTEN in Norwegian 3 Jul 82 p 3

[Article by T. Svabo: "Resource Agreement Provides 'Peace' in Antarctica"]

[Text] "If the countries that are part of the Antarctica Pact can come to satisfactory and defensible agreements on the utilization of the resources, it will make disagreements on sovereignty claims of minor importance. The goal must be to achieve an internationalizing of the decisionmaking process which would precede utilization of the resources." Polar affairs expert Per Tresselt of the Ministry of Foreign Affairs stated the above during an interview with AFTENPOSTEN. Tresselt returned this week from a meeting in New Zealand with the 14 pact members.

Preparations for utilization of the mineral resources in the Antarctica area are occurring in accordance with the Antarctica Pact, which went into effect in 1961. Norway signed the Pact at the very beginning, and today 14 countries have signed. The other countries are: Argentina, Australia, Belgium, Chile, France, Japan, New Zealand, Poland, South Africa, the United States and West Germany.

Interest in Antarctica has greatly increased in the last few years, due in no small part to both the marine and mineral resources. Related to this interest, polar affairs expert Tresselt notes that in 1972 a convention was agreed to for the protection of seals, and again in 1980 a convention was agreed to for the protection/utilization of the sea resources.

The recently completed meeting in New Zealand had the task of discussing the use of mineral resources in the polar area. Tresselt informs AFTENPOSTEN that this meeting was the first in a series in which the countries will attempt to establish common rules on the use of these resources. He describes the meeting as useful and clarifying, but notes that the countries have different approaches to the same problems. Not the least of these are differences affected by some countries' territorial claims, compared with other countries with no such claims, states Tresselt.

"The meeting confirmed the weight all the parties place on the need to consider the environment in future activity. There is agreement to make a thorough assessment and tests prior to the commencement of activities," states Tresselt.

It is still unclear to what extent man will find mineral resources, but there are expectations of rich deposits of oil, coal, iron, copper, uranium, gold, and titanium. These resources can be found on both land and the continental shelf, but Tresselt believes that due to the technological problems in the foreseeable future, the resources on the continental shelf will be the most interesting.

Tresselt emphasizes that interest in mineral resources in the polar region have given Antarctica a new political dimension. The select inter-agency polar committee has had thorough discussions of the Norwegian interests because of the many negotiations, and will shortly send a full report to the government.

It was the common belief that in 1991, when the Antarctica Pact expires, the countries would face large unsolved questions on sovereignty and resource utilization. In response to this Tresselt says: "Such an opinion is both right and wrong. The pact gives the parties an opportunity in 1991 to revise the contents. The possibility exists that if all the parties cannot agree, individual countries could withdraw from the agreement after 1991."

"Is there a real danger that this will happen?"

"If there is continued successful cooperation and further development based on the pact, with an emphasis on, among other things, the need for control of resource utilization, there is a strong possibility that the pact can be maintained."

"Another important aspect of Antarctica are the conflicting territorial claims of Argentina, Chile, and England."

These disagreements have put a cloud over the pact. In the beginning of the 1950's there were hostilities between England and Argentina over territorial claims. (The Falkland Islands are outside the Antarctic region.) Today Norway, France, Australia, New Zealand, Chile, and Argentina have territorial claims. I do not think you can separate this issue from the question of future utilization of the resources.

"If we can internationalize the process for making decisions on utilization of resources, it will lessen the importance of the strife on sovereignty claims. Here lies the key to a peaceful development. We must also be prepared to discuss whether Antarctica should continue to be managed by the terms of the Antarctica Pact, or, as some have demanded, as a form of common inheritance patterned after the international sea bed region," states Per Tresselt.

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